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City and County of San Francisco
OFFICE OF THE CONTROLLER

OFFICE OF THE TREASURER AND TAX COLLECTOR:
Statement of Cash and Investments
For the Quarter Ended September 30, 1999

DOCUMENTS DEPT.

DEC 16 1999

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Edward Harrington
Controller

December 9, 1999

Susan Leal, Treasurer
Office of the Treasurer and Tax Collector
City Hall, Room 140
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4638

Dear Ms. Leal:

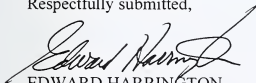
The Controller's Audits Division presents its financial audit report of the Statement of Cash and Investments of the Office of the Treasurer and Tax Collector (Treasurer) for the quarter ended September 30, 1999. The Statement of Cash and Investments presents the total cash on hand, cash in bank, and investments under the control and accountability of the Treasurer of the City and County of San Francisco.

Results:September 30, 1999

Cash and Investments:	
Cash on Hand	\$6,780
Cash in Bank	44,817,064
Investments	<u>2,578,460,780</u>
Total Cash and Investments	\$2,623,284,624

We found that the statement presents fairly the cash and investments of the City and County of San Francisco under the control and accountability of the Treasurer for the quarter ended September 30, 1999.

Respectfully submitted,


EDWARD HARRINGTON
Controller

INTERNAL AUDITOR'S REPORT

We have audited the accompanying Statement of Cash and Investments for the quarter ended September 30, 1999. The Statement of Cash and Investments is the responsibility of the Office of the Treasurer and Tax Collector (Treasurer) of the City and County of San Francisco. Our responsibility is to express an opinion on the Statement of Cash and Investments based on our audit.

We conducted our audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the accompanying Statement of Cash and Investments is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Statement of Cash and Investments. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Statement of Cash and Investments. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Statement of Cash and Investments referred to above presents fairly, in all material respects, the cash and investments of the Treasurer of the City and County of San Francisco for the quarter ended September 30, 1999 in conformity with the basis of accounting described in Note 1.

This report is intended for the purpose of providing information required by Section 26923 of the California Government Code and Section 10.6-3 of the San Francisco Administrative Code. Our audit does not include an evaluation of the performance of the Treasurer's investment portfolio.

CONTROLLER'S AUDITS DIVISION



NORIAKI HIRASUNA, CPA
Director

Date: December 9, 1999

Staff: Maureen Gannon, Audit Manager
Leon Valle, Jr.

STATEMENT OF CASH AND INVESTMENTS
For the Quarter Ended September 30, 1999

<u>Account Title</u>	<u>Total</u>
Cash	
Cash on Hand	\$6,780
Cash in Bank	<u>44,817.064</u>
Total Cash	<u>44,823.844</u>
Investments	
Bankers Acceptance- Domestic	266,558.449
Commercial Papers	651,990,245
Federal Home Loan Bank Discount Notes	123,440,970
Federal National Mortgage Association	
Discount Notes	254,418.458
Federal Home Loan Mortgage	
Corporation Discount Notes	284,752,986
Treasury Notes	<u>997,299.672</u>
Total Investments	<u>2,578,460.780</u>
Total Cash and Investments	<u><u>\$2,623,284.624</u></u>

NOTES TO THE STATEMENT OF CASH AND INVESTMENTS

1. Summary of Significant Accounting Policies

A. Deposits and Investments

The Treasurer is responsible for the custody and investment of the public funds of the City and County of San Francisco (City). The Treasurer is authorized to conduct these functions by California Government Code Section 53600 et seq. and the San Francisco Administrative Code, Section 10, under investment policies established by the Treasurer and filed with the City's Board of Supervisors. The funds are mainly invested in low risk investments such as United States government securities. The Treasurer also provides a safekeeping service for the City, where city departments may deposit securities and other assets in the Treasurer's vault.

B. Basis of Presentation

Cash and Deposits

The California Government Code requires California banks and savings and loan associations to secure the City's deposits not covered by federal deposit insurance by pledging government securities as collateral. The market value of pledged securities must equal at least 110 percent of the City's deposits. The collateral must be held at the pledging bank's trust department or another bank, acting as the pledging bank's agent, in the City's name. All of the banks with funds deposited by the Treasurer secure deposits with sufficient collateral.

Investments

The Treasurer makes investments in securities for a pooled money investment account with financial institutions and for individual investment accounts that are not invested through the pooled money investment account. The securities in the accompanying Statement of Cash and Investments are reported at fair value in accordance with the Government Accounting Standards Board Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. The statement requires government entities to report investments at fair value in the balance sheet or other statement of financial position. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following table summarizes the investments stated at cost and fair value.

Schedule of Investments
Stated at Cost and Fair Value
For the Quarter Ended September 30, 1999

Investment Type	Cost	Fair Value (a)
Bankers Acceptance - Domestic	\$263,193,546	\$266,558,449
Commercial Papers	649,381,008	651,990,245
Federal Home Loan Bank		
Discount Notes	122,796,493	123,440,970
Federal National Mortgage		
Association Discount Notes	251,868,241	254,418,458
Federal Home Loan Mortgage		
Corporation Discount Notes	281,672,124	284,752,986
Treasury Notes	<u>998,808,626</u>	<u>997,299,672</u>
Total	\$2,567,720,038	\$2,578,460,780

(a) The fair value amounts do not include accrued interest of \$12,139,147.

cc: Mayor
Board of Supervisors
Civil Grand Jury
Budget Analyst
KPMG LLP
Treasury Oversight Committee
Public Library



CITY AND COUNTY OF SAN FRANCISCO

OFFICE OF THE CONTROLLER
AUDITS DIVISION

Edward Harrington
Controller

December 13, 1999

Terry Gwiazdowski, Program Director
Government Information Center
San Francisco Public Library
100 Larkin Street
San Francisco, CA 94102

Dear Ms. Gwiazdowski:

Enclosed is our report concerning the financial audit of the Statement of Cash and Investments of the Office of the Treasurer and Tax Collector (Treasurer) for the quarter ended September 30, 1999. The report indicates that the Statement of Cash and Investments presents fairly the cash and investments of the City and County of San Francisco under the control and accountability of the Treasurer for the quarter ended September 30, 1999.

Sincerely,

NORIAKI HIRASUNA
Director

Enclosure

DOCUMENTS DEPT.

DEC 16 1999

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City and County of San Francisco
OFFICE OF THE CONTROLLER

OFFICE OF THE TREASURER AND TAX COLLECTOR:
Statement of Cash and Investments
For the Quarter Ended December 31, 1999



DOCUMENTS DEPT.

APR 12 2000

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Edward Harrington
ControllerMatthew H. Hymel
Chief Assistant Controller

April 6, 2000

Audit No. 99032

Susan Leal, Treasurer
Office of the Treasurer and Tax Collector
City Hall, Room 140
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4638

Dear Ms. Leal:

The Controller's Audits Division presents its financial audit report of the Statement of Cash and Investments of the Office of the Treasurer and Tax Collector (Treasurer) for the quarter ended December 31, 1999. The Statement of Cash and Investments presents the total cash on hand, cash in bank, and investments under the control and accountability of the Treasurer of the City and County of San Francisco.

Results:December 31, 1999

Cash and Investments:

Cash on Hand	\$6,780
Cash in Bank	99,001,200
Investments	<u>2,542,499,812</u>
Total Cash and Investments	\$2,641,507,792

We found that the statement presents fairly the cash and investments of the City and County of San Francisco under the control and accountability of the Treasurer for the quarter ended December 31, 1999.

Respectfully submitted,

EDWARD HARRINGTON
Controller

INTERNAL AUDITOR'S REPORT

We have audited the accompanying Statement of Cash and Investments for the quarter ended December 31, 1999. The Statement of Cash and Investments is the responsibility of the Office of the Treasurer and Tax Collector (Treasurer) of the City and County of San Francisco. Our responsibility is to express an opinion on the Statement of Cash and Investments based on our audit.

We conducted our audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the accompanying Statement of Cash and Investments is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Statement of Cash and Investments. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Statement of Cash and Investments. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Statement of Cash and Investments referred to above presents fairly, in all material respects, the cash and investments of the Treasurer of the City and County of San Francisco for the quarter ended December 31, 1999 in conformity with the basis of accounting described in Note 1.

This report is intended for the purpose of providing information required by Section 26923 of the California Government Code and Section 10.6-3 of the San Francisco Administrative Code. Our audit does not include an evaluation of the performance of the Treasurer's investment portfolio.

CONTROLLER'S AUDITS DIVISION



NORIAKI HIRASUNA, CPA
Director

Date: April 6, 2000

Staff: Maureen Gannon, Audit Manager
Leon Valle, Jr.

STATEMENT OF CASH AND INVESTMENTS
For the Quarter Ended December 31, 1999

<u>Account Title</u>	<u>Total</u>
Cash	
Cash on Hand	\$6,780
Cash in Bank	<u>99,001,200</u>
Total Cash	<u>99,007,980</u>
Investments	
Negotiable Certificates of Deposit	61,007,943
Bankers Acceptance- Domestic	264,326,416
Commercial Paper	471,670,660
Federal Home Loan Bank Discount Notes	234,723,518
Federal National Mortgage Association Discount Notes	138,059,113
Federal Home Loan Mortgage Corporation Discount Notes	294,167,579
Treasury Notes	<u>1,078,544,583</u>
Total Investments	<u>2,542,499,812</u>
Total Cash and Investments	<u><u>\$2,641,507,792</u></u>

NOTES TO THE STATEMENT OF CASH AND INVESTMENTS

1. Summary of Significant Accounting Policies

A. Deposits and Investments

The Treasurer is responsible for the custody and investment of the public funds of the City and County of San Francisco (City). The Treasurer is authorized to conduct these functions by California Government Code Section 53600 et seq. and the San Francisco Administrative Code, Section 10, under investment policies established by the Treasurer and filed with the City's Board of Supervisors. The funds are mainly invested in low risk investments such as United States government securities. The Treasurer also provides a safekeeping service for the City, where city departments may deposit securities and other assets in the Treasurer's vault.

B. Basis of Presentation

Cash and Deposits

The California Government Code requires California banks and savings and loan associations to secure the City's deposits not covered by federal deposit insurance by pledging government securities as collateral. The market value of pledged securities must equal at least 110 percent of the City's deposits. The collateral must be held at the pledging bank's trust department or another bank, acting as the pledging bank's agent, in the City's name. All of the banks with funds deposited by the Treasurer secure deposits with sufficient collateral.

Investments

The Treasurer makes investments in securities for a pooled money investment account with financial institutions and for individual investment accounts that are not invested through the pooled money investment account. The securities in the accompanying Statement of Cash and Investments are reported at fair value in accordance with the Government Accounting Standards Board Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. The statement requires government entities to report investments at fair value in the balance sheet or other statement of financial position. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following table summarizes the investments stated at cost and fair value.

Schedule of Investments
Stated at Cost and Fair Value
For the Quarter Ended December 31, 1999

Investment Type	Cost	Fair Value (a)
Negotiable Certificates of Deposit	\$61,000,000	\$61,007,943
Bankers Acceptance – Domestic	262,216,383	264,326,416
Commercial Paper	468,920,848	471,670,660
Federal Home Loan Bank Discount Notes	232,323,792	234,723,518
Federal National Mortgage Association Discount Notes	136,269,699	138,059,113
Federal Home Loan Mortgage Corporation Discount Notes	290,094,061	294,167,579
Treasury Notes	<u>1,091,735,414</u>	<u>1,078,544,583</u>
Total	\$2,542,560,197	\$2,542,499,812

(a) The fair value amounts do not include accrued interest of \$13,873,542.

cc: Mayor
Board of Supervisors
Civil Grand Jury
Budget Analyst
Treasury Oversight Committee
Public Library
KPMG LLP

City and County of San Francisco
OFFICE OF THE CONTROLLER

OFFICE OF THE TREASURER AND TAX COLLECTOR:
Statement of Cash and Investments
For the Quarter Ended March 31, 2000



DOCUMENTS DEPT

JUL 28 2000

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Edward Harrington
ControllerMatthew H. Hymel
Chief Assistant Controller

July 25, 2000

Audit Number 99045

Susan Leal, Treasurer
Office of the Treasurer and Tax Collector
City Hall, Room 140
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4638

Dear Ms. Leal:

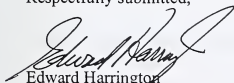
The Controller's Audits Division presents its financial audit report of the Statement of Cash and Investments of the Office of the Treasurer and Tax Collector (Treasurer) for the quarter ended March 31, 2000. The Statement of Cash and Investments presents the total cash on hand, cash in bank, and investments under the control and accountability of the Treasurer of the City and County of San Francisco.

Results:

	<u>March 31, 2000</u>
Cash and Investments:	
Cash on Hand	\$ 6,780
Cash in Bank	58,604,352
Investments	<u>2,449,876,780</u>
Total Cash and Investments	\$ 2,508,487,912

We found that the statement presents fairly the cash and investments of the City and County of San Francisco under the control and accountability of the Treasurer for the quarter ended March 31, 2000.

Respectfully submitted,


Edward Harrington
Controller

INTERNAL AUDITOR'S REPORT

We have audited the accompanying Statement of Cash and Investments for the quarter ended March 31, 2000. The Statement of Cash and Investments is the responsibility of the Office of the Treasurer and Tax Collector (Treasurer) of the City and County of San Francisco. Our responsibility is to express an opinion on the Statement of Cash and Investments based on our audit.

We conducted our audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the accompanying Statement of Cash and Investments is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Statement of Cash and Investments. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Statement of Cash and Investments. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Statement of Cash and Investments referred to above presents fairly, in all material respects, the cash and investments of the Treasurer of the City and County of San Francisco for the quarter ended March 31, 2000, in conformity with the basis of accounting described in Note 1.

This report is intended for the purpose of providing information required by Section 26923 of the California Government Code and Section 10.6-3 of the San Francisco Administrative Code. Our audit does not include an evaluation of the performance of the Treasurer's investment portfolio.

CONTROLLER'S AUDITS DIVISION



NORIAKI HIRASUNA, CPA
Director

Date: July 25, 2000

Staff: Maureen Gannon, Audit Manager
Leon Valle, Jr.
Winnie Woo

STATEMENT OF CASH AND INVESTMENTS
For the Quarter Ended March 31, 2000

<u>Account Title</u>	<u>Total</u>
Cash	
Cash on Hand	\$ 6,780
Cash in Bank	58,604,352
Total Cash	<u>\$ 58,611,132</u>
Investments	
Negotiable Certificates of Deposit	\$ 691,922,701
Bankers Acceptance-Domestic	191,366,077
Commercial Paper	306,560,551
Federal Home Loan Bank Discount Notes	41,389,713
Federal National Mortgage Association Discount Notes	13,432,050
Federal Home Loan Mortgage Corporation Discount Notes	84,068,285
Treasury Notes	1,121,137,403
Total Investments	<u>\$ 2,449,876,780</u>
Total Cash and Investments	<u>\$ 2,508,487,912</u>

NOTES TO THE STATEMENT OF CASH AND INVESTMENTS

1. Summary of Significant Accounting Policies

A. Deposits and Investments

The Treasurer is responsible for the custody and investment of the public funds of the City and County of San Francisco (City). The Treasurer is authorized to conduct these functions by California Government Code Section 53600 et seq. and the San Francisco Administrative Code, Section 10, under investment policies established by the Treasurer and filed with the City's Board of Supervisors. The funds are mainly invested in low risk investments such as United States government securities. The Treasurer also provides a safekeeping service for the City, where city departments may deposit securities and other assets in the Treasurer's vault.

B. Basis of Presentation

Cash and Deposits

The California Government Code requires California banks and savings and loan associations to secure the City's deposits not covered by federal deposit insurance by pledging government securities as collateral. The market value of pledged securities must equal at least 110 percent of the City's deposits. The collateral must be held at the pledging bank's trust department or another bank, acting as the pledging bank's agent, in the City's name. All of the banks with funds deposited by the Treasurer secure deposits with sufficient collateral.

Investments

The Treasurer makes investments in securities for a pooled money investment account with financial institutions and for individual investment accounts that are not invested through the pooled money investment account. The securities in the accompanying Statement of Cash and Investments are reported at fair value in accordance with the Government Accounting Standards Board Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. The statement requires government entities to report investments at fair value in the balance sheet or other statement of financial position. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following table summarizes the investments stated at cost and fair value.

Schedule of Investments
Stated at Cost and Fair Value
For the Quarter Ended March 31, 2000

Investment Type	Cost	Fair Value (a)
Negotiable Certificates of Deposit	\$ 692,000,000	\$ 691,922,701
Bankers Acceptance – Domestic	187,915,998	191,366,077
Commercial Paper	305,503,296	306,560,551
Federal Home Loan Bank Discount Notes	40,489,526	41,389,713
Federal National Mortgage Association Discount Notes	13,186,970	13,432,050
Federal Home Loan Mortgage Corporation Discount Notes	83,148,712	84,068,285
Treasury Notes	1,135,714,945	1,121,137,403
Total	\$ 2,457,959,447	\$ 2,449,876,780

(a) The fair value amounts do not include accrued interest of \$14,633,624.

cc: Mayor
Board of Supervisors
Civil Grand Jury
Budget Analyst
Treasury Oversight Committee
Public Library
KPMG LLP



City and County of San Francisco
OFFICE OF THE CONTROLLER

OFFICE OF THE TREASURER AND TAX COLLECTOR:
Statement of Cash and Investments
For the Quarter Ended September 30, 2000



DOCUMENTS DEPT

FEB 16 2001

SAN FRANCISCO
PUBLIC LIBRARY



Edward Harrington
ControllerMatthew H. Hymel
Chief Assistant Controller

February 6, 2001

Audit Number 00024

Susan Leal, Treasurer
Office of the Treasurer and Tax Collector
City Hall, Room 140
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4638

Dear Ms. Leal:

The Controller's Audits Division presents its financial audit report of the Statement of Cash and Investments of the Office of the Treasurer and Tax Collector (Treasurer) for the quarter ended September 30, 2000. The Statement of Cash and Investments presents the total cash on hand, cash in bank, and investments under the control and accountability of the Treasurer of the City and County of San Francisco.

Results:

	<u>September 30, 2000</u>
Cash and Investments:	
Cash on Hand	\$ 6,780
Cash in Bank	80,629,190
Investments	<u>2,472,445,289</u>
Total Cash and Investments	\$ 2,553,081,259

We found that the statement presents fairly the cash and investments of the City and County of San Francisco under the control and accountability of the Treasurer for the quarter ended September 30, 2000.

Respectfully submitted,

Edward Harrington
Controller



INTERNAL AUDITOR'S REPORT

We have audited the accompanying Statement of Cash and Investments for the quarter ended September 30, 2000. The Statement of Cash and Investments is the responsibility of the Office of the Treasurer and Tax Collector (Treasurer) of the City and County of San Francisco. Our responsibility is to express an opinion on the Statement of Cash and Investments based on our audit.

We conducted our audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the accompanying Statement of Cash and Investments is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Statement of Cash and Investments. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Statement of Cash and Investments. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Statement of Cash and Investments referred to above presents fairly, in all material respects, the cash and investments of the Treasurer for the quarter ended September 30, 2000, in conformity with the basis of accounting described in Note 1.

This report is intended for the purpose of providing information required by Section 26923 of the California Government Code and Section 10.6-3 of the San Francisco Administrative Code. Our audit does not include an evaluation of the performance of the Treasurer's investment portfolio.

CONTROLLER'S AUDITS DIVISION



NORIAKI HIRASUNA, CPA
Director

Date: February 6, 2001

Staff: Carmen LeFranc, CPA, Audit Manager
Leon Valle, Jr.



STATEMENT OF CASH AND INVESTMENTS
For the Quarter Ended September 30, 2000

<u>Account Title</u>	<u>Total</u>
Cash	
Cash on Hand	\$ 6,780
Cash in Bank	80,629,190
Total Cash	<u>\$ 80,635,970</u>
Investments	
Bankers Acceptance-Domestic	\$ 10,953,058
Commercial Paper Discounts	273,820,694
Federal Home Loan Bank Discount Notes	16,739,278
Federal National Mortgage Association Discount Notes	103,115,437
Federal Home Loan Mortgage Corporation Discount Notes	18,866,208
Negotiable Certificates of Deposits	925,023,141
Treasury Notes	1,123,927,473
Total Investments	<u>\$ 2,472,445,289</u>
Total Cash and Investments	<u>\$ 2,553,081,259</u>



NOTES TO THE STATEMENT OF CASH AND INVESTMENTS

1. Summary of Significant Accounting Policies

A. Deposits and Investments

The Treasurer is responsible for the custody and investment of the public funds of the City and County of San Francisco (City). The Treasurer is authorized to conduct these functions by the California Government Code, Section 53600 et seq. and the San Francisco Administrative Code, Section 10.6-3, under investment policies established by the Treasurer and filed with the City's Board of Supervisors. The funds are mainly invested in low risk investments such as United States government securities. The Treasurer also provides a safekeeping service for the City, where city departments may deposit securities and other assets in the Treasurer's vault.

B. Basis of Presentation

Cash and Deposits

The California Government Code requires California banks and savings and loan associations to secure the City's deposits not covered by federal deposit insurance by pledging government securities as collateral. The market value of pledged securities must equal at least 110 percent of the City's deposits. The collateral must be held at the pledging bank's trust department or another bank, acting as the pledging bank's agent, in the City's name. All of the banks with funds deposited by the Treasurer secure deposits with sufficient collateral.

Investments

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Schedule of Investments
Stated at Cost and Fair Value
For the Quarter Ended September 30, 2000

Investment Type	Cost	Fair Value (a)
Bankers Acceptance – Domestic	\$ 10,733,064	\$ 10,953,058
Commercial Paper Discounts	272,462,742	273,820,694
Federal Home Loan Bank Discount Notes	16,456,340	16,739,278
Federal National Mortgage Association Discount Notes	102,066,850	103,115,437
Federal Home Loan Mortgage Corporation Discount Notes	18,707,052	18,866,208
Negotiable Certificates of Deposits	925,000,000	925,023,141
Treasury Notes	1,126,564,185	1,123,927,473
Total	\$ 2,471,990,233	\$ 2,472,445,289

(a) The fair value amounts do not include accrued interest of \$14,314,337.

cc: Mayor
Board of Supervisors
Civil Grand Jury
Budget Analyst
Treasury Oversight Committee
Public Library
KPMG LLP

City and County of San Francisco
OFFICE OF THE CONTROLLER

OFFICE OF THE TREASURER AND TAX COLLECTOR:
Statement of Cash and Investments
For the Quarter Ended December 31, 2000



DOCUMENTS DEPT.

MAY 11 2001

SAN FRANCISCO
PUBLIC LIBRARY

Edward Harrington
ControllerMatthew H. Hymel
Chief Assistant Controller

May 3, 2001

Audit Number 00037

Susan Leal, Treasurer
Office of the Treasurer and Tax Collector
City Hall, Room 140
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4638

Dear Ms. Leal:

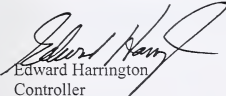
The Controller's Audits Division presents its financial audit report of the Statement of Cash and Investments of the Office of the Treasurer and Tax Collector (Treasurer) for the quarter ended December 31, 2000. The Statement of Cash and Investments presents the total cash on hand, cash in bank, and investments under the control and accountability of the Treasurer of the City and County of San Francisco.

Results:

	<u>December 31, 2000</u>
Cash and Investments:	
Cash on Hand	\$ 6,780
Cash in Bank	72,368,583
Investments	<u>2,994,618,201</u>
Total Cash and Investments	\$ 3,066,993,564

We found that the statement presents fairly the cash and investments of the City and County of San Francisco under the control and accountability of the Treasurer for the quarter ended December 31, 2000.

Respectfully submitted,



Edward Harrington
Controller

INTERNAL AUDITOR'S REPORT

We have audited the accompanying Statement of Cash and Investments for the quarter ended December 31, 2000. The Statement of Cash and Investments is the responsibility of the Office of the Treasurer and Tax Collector (Treasurer) of the City and County of San Francisco. Our responsibility is to express an opinion on the Statement of Cash and Investments based on our audit.

We conducted our audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the accompanying Statement of Cash and Investments is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Statement of Cash and Investments. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Statement of Cash and Investments. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Statement of Cash and Investments referred to above presents fairly, in all material respects, the cash and investments of the Treasurer for the quarter ended December 31, 2000, in conformity with the basis of accounting described in Note 1.

This report is intended for the purpose of providing information required by Section 26923 of the California Government Code and Section 10.6-3 of the San Francisco Administrative Code. Our audit does not include an evaluation of the performance of the Treasurer's investment portfolio.

CONTROLLER'S AUDITS DIVISION



NORIAKI HIRASUNA, CPA
Director

Date: May 3, 2001

Staff: Carmen LeFranc, CPA, Audit Manager
Leon Valle, Jr.

STATEMENT OF CASH AND INVESTMENTS
For the Quarter Ended December 31, 2000

<u>Account Title</u>	<u>Total</u>
Cash	
Cash on Hand	\$ 6,780
Cash in Bank	72,368,583
Total Cash	<u>\$ 72,375,363</u>
Investments	
Commercial Paper Discounts	495,779,239
Federal Home Loan Bank Discount Notes	256,209,962
Federal National Mortgage Association Discount Notes	276,486,748
Federal Home Loan Mortgage Corporation Discount Notes	24,995,687
Negotiable Certificates of Deposits	840,163,222
Treasury Bills	98,445,768
Treasury Notes	1,002,537,575
Total Investments	<u>\$ 2,994,618,201</u>
Total Cash and Investments	<u>\$ 3,066,993,564</u>

NOTES TO THE STATEMENT OF CASH AND INVESTMENTS

1. Summary of Significant Accounting Policies

A. Deposits and Investments

The Treasurer is responsible for the custody and investment of the public funds of the City and County of San Francisco (City). The Treasurer is authorized to conduct these functions by the California Government Code Section 53600 et seq. and the San Francisco Administrative Code, Section 10, under investment policies established by the Treasurer and filed with the City's Board of Supervisors. The funds are mainly invested in low risk investments such as United States government securities. The Treasurer also provides a safekeeping service for the City, where city departments may deposit securities and other assets in the Treasurer's vault.

B. Basis of Presentation

Cash and Deposits

The California Government Code requires California banks and savings and loan associations to secure the City's deposits not covered by federal deposit insurance by pledging government securities as collateral. The market value of pledged securities must equal at least 110 percent of the City's deposits. The collateral must be held at the pledging bank's trust department or another bank, acting as the pledging bank's agent, in the City's name. All of the banks with funds deposited by the Treasurer secure deposits with sufficient collateral.

Investments

The Treasurer makes investments in securities for a pooled money investment account with financial institutions and for individual investment accounts that are not invested through the pooled money investment account. The securities in the accompanying Statement of Cash and Investments are reported at fair value in accordance with the Government Accounting Standards Board Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. The statement requires government entities to report investments at fair value in the balance sheet or other statement of financial position. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following table summarizes the investments stated at cost and fair value.

Schedule of Investments
Stated at Cost and Fair Value
For the Quarter Ended December 31, 2000

Investment Type	Cost	Fair Value (a)
Commercial Paper Discounts	491,172,941	495,779,239
Federal Home Loan Bank Discount Notes	254,236,037	256,209,962
Federal National Mortgage Association Discount Notes	272,404,780	276,486,748
Federal Home Loan Mortgage Corporation Discount Notes	24,758,125	24,995,687
Negotiable Certificates of Deposits	840,000,000	840,163,222
Treasury Bills	97,410,403	98,445,768
Treasury Notes	997,213,534	1,002,537,575
Total	\$ 2,977,195,820	\$ 2,994,618,201

(a) The fair value amounts do not include accrued interest of \$14,208,631.

cc: Mayor
Board of Supervisors
Civil Grand Jury
Budget Analyst
Treasury Oversight Committee
Public Library
KPMG LLP

**OFFICE OF THE
TREASURER AND
TAX COLLECTOR:**

**Statement of Cash and
Investments for the Quarter
Ended March 31, 2001**

DOCUMENTS DEPT.

AUG 17 2001
SAN FRANCISCO
PUBLIC LIBRARY



Audit Number 00042
August 9, 2001



Edward Harrington
Controller

Matthew H. Hymel
Chief Assistant Controller

August 9, 2001

Audit Number: 00042

Susan Leal, Treasurer
Office of the Treasurer and Tax Collector
City Hall, Room 140
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4638

Dear Ms. Leal:

The Controller's Audits Division presents its financial audit report of the Statement of Cash and Investments of the Office of the Treasurer and Tax Collector (Treasurer) for the quarter ended March 31, 2001. The Statement of Cash and Investments presents the total cash on hand, cash in bank, and investments under the control and accountability of the Treasurer of the City and County of San Francisco.

Results:

	<u>March 31, 2001</u>
Cash and Investments:	
Cash on Hand	\$ 6,780
Cash in Bank	41,721,489
Investments	<u>2,979,468,309</u>
Total Cash and Investments	\$ 3,021,196,578

We found that the statement presents fairly the cash and investments of the City and County of San Francisco under the control and accountability of the Treasurer for the quarter ended March 31, 2001.

Respectfully submitted,


Edward Harrington
Controller

INTERNAL AUDITOR'S REPORT

We have audited the accompanying Statement of Cash and Investments for the quarter ended March 31, 2001. The Statement of Cash and Investments is the responsibility of the Office of the Treasurer and Tax Collector (Treasurer) of the City and County of San Francisco. Our responsibility is to express an opinion on the Statement of Cash and Investments based on our audit.

We conducted our audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the accompanying Statement of Cash and Investments is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Statement of Cash and Investments. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Statement of Cash and Investments. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Statement of Cash and Investments referred to above presents fairly, in all material respects, the cash and investments of the Treasurer for the quarter ended March 31, 2001, in conformity with the basis of accounting described in Note 1.

This report is intended for the purpose of providing information required by Section 26923 of the California Government Code and Section 10.6-3 of the San Francisco Administrative Code. Our audit does not include an evaluation of the performance of the Treasurer's investment portfolio.

CONTROLLER'S AUDITS DIVISION



NORIAKI HIRASUNA, CPA
Director

Date: August 9, 2001

Staff: Elisa Sullivan, Audit Manager
Leon Valle, Jr.

STATEMENT OF CASH AND INVESTMENTS
For the Quarter Ended March 31, 2001

<u>Account Title</u>	<u>Total</u>
Cash	
Cash on Hand	\$ 6,780
Cash in Bank	41,721,489
Total Cash	<u>\$ 41,728,269</u>
Investments	
Commercial Paper Discounts	326,875,755
Federal Farm Credit Discount Notes	43,346,261
Federal Home Loan Bank Discount Notes	533,475,739
Federal Home Loan Mortgage Corporation Discount Notes	351,575,792
Federal National Mortgage Association Discount Notes	204,427,043
Negotiable Certificates of Deposits	362,678,610
Treasury Bills	87,014,259
Treasury Notes	1,070,074,850
Total Investments	<u>\$ 2,979,468,309</u>
Total Cash and Investments	<u>\$ 3,021,196,578</u>

NOTES TO THE STATEMENT OF CASH AND INVESTMENTS

NOTE 1.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Deposits and Investments

The Treasurer is responsible for the custody and investment of the public funds of the City and County of San Francisco (City). The Treasurer is authorized to conduct these functions by the California Government Code Section 53600 et seq. and the San Francisco Administrative Code, Section 10, under investment policies established by the Treasurer and filed with the City's Board of Supervisors. The funds are mainly invested in low risk investments such as United States government securities. The Treasurer also provides a safekeeping service for the City, where city departments may deposit securities and other assets in the Treasurer's vault.

B. Basis of Presentation

Cash and Deposits

The California Government Code requires California banks and savings and loan associations to secure the City's deposits not covered by federal deposit insurance by pledging government securities as collateral. The market value of pledged securities must equal at least 110 percent of the City's deposits. The collateral must be held at the pledging bank's trust department or another bank, acting as the pledging bank's agent, in the City's name. All of the banks with funds deposited by the Treasurer secure deposits with sufficient collateral.

Investments

The Treasurer makes investments in securities for a pooled money investment account with financial institutions and for individual investment accounts that are not invested through the pooled money investment account. The securities in the accompanying Statement of Cash and Investments are reported at fair value in accordance with the Government Accounting Standards Board Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. The statement requires government entities to report investments at fair value in the balance sheet or other statement of financial position. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following table summarizes the investments stated at cost and fair value.

Schedule of Investments
Stated at Cost and Fair Value
For the Quarter Ended March 31, 2001

Investment Type	Cost	Fair Value (a)
Commercial Paper Discounts	324,689,151	326,875,755
Federal Farm Credit Discount Notes	43,230,261	43,346,261
Federal Home Loan Bank Discount Notes	525,262,564	533,475,739
Federal Home Loan Mortgage Corporation Discount Notes	350,004,090	351,575,792
Federal National Mortgage Association Discount Notes	200,217,649	204,427,043
Negotiable Certificates of Deposits	362,000,000	362,678,610
Treasury Bills	85,363,241	87,014,259
Treasury Notes	1,051,368,715	1,070,074,850
Total	\$ 2,942,135,671	\$ 2,979,468,309

(a) The fair value amounts do not include accrued interest of \$16,711,928.

cc: Mayor
Board of Supervisors
Civil Grand Jury
Budget Analyst
Treasury Oversight Committee
Public Library
KPMG LLP

**OFFICE OF THE
TREASURER AND
TAX COLLECTOR:**

**Statement of Cash and
Investments for the Quarter
Ended September 30, 2001**

DOCUMENTS DEPT.

MAR 27 2002

SAN FRANCISCO
PUBLIC LIBRARY



Audit Number 01044
March 18, 2002

Edward Harrington
Controller

March 18, 2002

Audit Number 01044

Susan Leal, Treasurer
Office of the Treasurer and Tax Collector
City Hall, Room 140
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4638

Dear Ms. Leal:

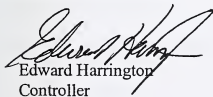
The Controller's Audits Division presents its financial audit report of the Statement of Cash and Investments of the Office of the Treasurer and Tax Collector (Treasurer) for the quarter ended September 30, 2001. The Statement of Cash and Investments presents the total cash on hand, cash in bank, and investments under the control and accountability of the Treasurer of the City and County of San Francisco (City).

Results:

	<u>September 30, 2001</u>
Cash and Investments:	
Cash on Hand	\$ 6,780
Cash in Bank	276,431,313
Investments	<u>2,702,304,296</u>
Total Cash and Investments	\$ 2,978,742,389

We found that the statement presents fairly the cash and investments of the City under the control and accountability of the Treasurer for the quarter ended September 30, 2001.

Respectfully submitted,


Edward Harrington
Controller

INTERNAL AUDITOR'S REPORT

We have audited the accompanying Statement of Cash and Investments for the quarter ended September 30, 2001. The Statement of Cash and Investments is the responsibility of management of the Office of the Treasurer and Tax Collector (Treasurer) of the City and County of San Francisco. Our responsibility is to express an opinion on the Statement of Cash and Investments based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the accompanying Statement of Cash and Investments is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Statement of Cash and Investments. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Statement of Cash and Investments. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note A, the Statement of Cash and Investments presents only the total cash on hand, cash in bank, and investments under the control and accountability of the Treasurer. This report is intended for the purpose of providing information required by Section 26923 of the California Government Code and Section 10.6-3 of the San Francisco Administrative Code. Our audit does not include an evaluation of the performance of the Treasurer's investment portfolio.

In our opinion, the Statement of Cash and Investments referred to above presents fairly, in all material respects, the cash and investments of the Treasurer for the quarter ended September 30, 2001, in conformity with accounting principles generally accepted in the United States of America.

CONTROLLER'S AUDITS DIVISION



NORIAKI HIRASUNA, CPA
Director

Date: March 18, 2002

Staff: Elisa Sullivan, Audit Manager
Leon Valle, Jr.
Ann Foley

STATEMENT OF CASH AND INVESTMENTS
For the Quarter Ended September 30, 2001

<u>Account Title</u>	<u>Total</u>
Cash	
Cash on Hand	\$ 6,780
Cash in Bank	276,431,313
Total Cash	<u>\$ 276,438,093</u>
Investments	
Commercial Paper Discounts	29,968,150
Federal Farm Credit Bank Consolidated Discount Notes	14,938,396
Federal Home Loan Bank Notes	25,257,812
Federal Home Loan Bank Consolidated Discount Notes	138,342,314
Federal Home Loan Mortgage Corporation Discount Notes	183,821,330
Federal National Mortgage Association Discount Notes	227,846,726
Federal National Mortgage Association Notes	34,488,750
Negotiable Certificates of Deposit	413,145,979
Public Time Deposit	1,091,417
Treasury Bills	507,193,156
Treasury Notes	1,126,210,266
Total Investments	<u>\$ 2,702,304,296</u>
Total Cash and Investments	<u>\$ 2,978,742,389</u>

NOTES TO THE STATEMENT OF CASH AND INVESTMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *The Financial Reporting Entity*

The Statement of Cash and Investments presents only the cash on hand, cash in bank, and investments under the control and accountability of the Office of the Treasurer and Tax Collector (Treasurer) of the City and County of San Francisco (City). The Statement of Cash and Investments is not intended to present fairly the financial position and results of operations of the Treasurer or of the City.

The Treasurer is responsible for the custody and investment of the public funds of the City. The Treasurer is authorized to conduct these functions by the California Government Code Section 53600 et seq. and the San Francisco Administrative Code, Section 10, under investment policies established by the Treasurer and filed with the City's Board of Supervisors. The funds are mainly invested in low risk investments such as United States government securities. The Treasurer also provides a safekeeping service for the City, where city departments may deposit securities and other assets in the Treasurer's vault.

B. *Basis of Presentation*

Cash and Deposits

The California Government Code requires California banks and savings and loan associations to secure the City's deposits not covered by federal deposit insurance by pledging government securities as collateral. The market value of pledged securities must equal at least 110 percent of the City's deposits. The collateral must be held at the pledging bank's trust department or another bank, acting as the pledging bank's agent, in the City's name. All of the banks with funds deposited by the Treasurer secure deposits with sufficient collateral.

NOTES TO THE STATEMENT OF CASH AND INVESTMENTS

NOTE 1.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments

The Treasurer makes investments in securities for a pooled money investment account with financial institutions and for individual investment accounts that are not invested through the pooled money investment account. The securities in the accompanying Statement of Cash and Investments are reported at fair value in accordance with the Government Accounting Standards Board Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. The statement requires government entities to report investments at fair value in the balance sheet or other statement of financial position. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following table summarizes the investments stated at cost and fair value.

Schedule of Investments
Stated at Cost and Fair Value
For the Quarter Ended September 30, 2001

Investment Type	Cost	Fair Value (a)
Commercial Paper Discounts	\$ 29,909,333	\$ 29,968,150
Federal Farm Credit Bank Consolidated		
Discount Notes	14,590,826	14,938,396
Federal Home Loan Bank Notes	24,993,750	25,257,812
Federal Home Loan Bank Consolidated		
Discount Notes	137,767,540	138,342,314
Federal Home Loan Mortgage		
Corporation Discount Notes	179,417,912	183,821,330
Federal National Mortgage		
Association Discount Notes	220,600,353	227,846,726
Federal National Mortgage Association Notes	34,053,267	34,488,750
Negotiable Certificates of Deposit	410,000,000	413,145,979
Public Time Deposit	1,100,000	1,091,417
Treasury Bills	504,231,644	507,193,156
Treasury Notes	1,085,317,763	1,126,210,266
Total	\$ 2,641,982,388	\$2,702,304,296

(a) The fair value amounts do not include accrued interest of \$20,584,649.

cc: Mayor
Board of Supervisors
Civil Grand Jury
Budget Analyst
Treasury Oversight Committee
Public Library
KPMG LLP

**OFFICE OF THE
TREASURER AND
TAX COLLECTOR:**

**Statement of Cash and
Investments for the Quarter
Ended December 31, 2001**

DOCUMENTS DEPT

JUN 27 2002

SAN FRANCISCO
PUBLIC LIBRARY



Audit Number 01067
June 11, 2002

Edward Harrington
Controller

June 11, 2002

Audit Number 01067

Susan Leal, Treasurer
Office of the Treasurer and Tax Collector
City Hall, Room 140
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4638

Dear Ms. Leal:

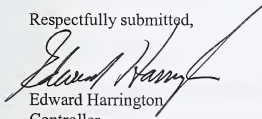
The Controller's Audits Division presents its financial audit report of the Statement of Cash and Investments of the Office of the Treasurer and Tax Collector (Treasurer) for the quarter ended December 31, 2001. The Statement of Cash and Investments presents the total cash on hand, cash in bank, and investments under the control and accountability of the Treasurer of the City and County of San Francisco (City).

Results:

	<u>December 31, 2001</u>
Cash and Investments:	
Cash on Hand	\$ 6,780
Cash in Bank	52,460,024
Investments	<u>3,086,033,152</u>
Total Cash and Investments	\$ 3,138,499,956

We found that the statement presents fairly the cash and investments of the City under the control and accountability of the Treasurer for the quarter ended December 31, 2001.

Respectfully submitted,



Edward Harrington
Controller

INTERNAL AUDITOR'S REPORT

We have audited the accompanying Statement of Cash and Investments for the quarter ended December 31, 2001. The Statement of Cash and Investments is the responsibility of management of the Office of the Treasurer and Tax Collector (Treasurer) of the City and County of San Francisco. Our responsibility is to express an opinion on the Statement of Cash and Investments based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the accompanying Statement of Cash and Investments is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Statement of Cash and Investments. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Statement of Cash and Investments. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note A, the Statement of Cash and Investments presents only the total cash on hand, cash in bank, and investments under the control and accountability of the Treasurer. This report is intended for the purpose of providing information required by Section 26923 of the California Government Code and Section 10.6-3 of the San Francisco Administrative Code. Our audit does not include an evaluation of the performance of the Treasurer's investment portfolio.

In our opinion, the Statement of Cash and Investments referred to above presents fairly, in all material respects, the cash and investments of the Treasurer for the quarter ended December 31, 2001, in conformity with accounting principles generally accepted in the United States of America.

CONTROLLER'S AUDITS DIVISION



NORIAKI HIRASUNA, CPA
Director

Date: June 11, 2002

Staff: Elisa Sullivan, Audit Manager
Leon Valle, Jr.
Winnie Woo

STATEMENT OF CASH AND INVESTMENTS

For the Quarter Ended December 31, 2001

<u>Account Title</u>	<u>Total</u>
Cash	
Cash on Hand	\$ 6,780
Cash in Bank	52,460,024
Total Cash	<u>\$ 52,466,804</u>
Investments	
Federal Farm Credit Bank Consolidated Discount Notes	15,846,214
Federal Home Loan Bank Consolidated Discount Notes	170,509,147
Federal Home Loan Bank Notes	25,203,125
Federal Home Loan Mortgage Corporation Bonds	14,962,500
Federal Home Loan Mortgage Corporation Discount Notes	325,080,171
Federal National Mortgage Association Discount Notes	269,629,515
Federal National Mortgage Association Notes	34,340,000
Negotiable Certificates of Deposit	356,281,878
Public Time Deposit	1,098,814
Treasury Bills	545,915,613
Treasury Notes	1,327,166,175
Total Investments	<u>\$ 3,086,033,152</u>
Total Cash and Investments	<u>\$ 3,138,499,956</u>

NOTES TO THE STATEMENT OF CASH AND INVESTMENTS

NOTE 1.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *The Financial Reporting Entity*

The Statement of Cash and Investments presents only the cash on hand, cash in bank, and investments under the control and accountability of the Office of the Treasurer and Tax Collector (Treasurer) of the City and County of San Francisco (City). The Statement of Cash and Investments is not intended to present fairly the financial position and results of operations of the Treasurer or of the City.

The Treasurer is responsible for the custody and investment of the public funds of the City. The Treasurer is authorized to conduct these functions by the California Government Code Section 53600 et seq. and the San Francisco Administrative Code, Section 10, under investment policies established by the Treasurer and filed with the City's Board of Supervisors. The funds are mainly invested in low risk investments such as United States government securities. The Treasurer also provides a safekeeping service for the City, where city departments may deposit securities and other assets in the Treasurer's vault.

B. *Basis of Presentation*

Cash and Deposits

The California Government Code requires California banks and savings and loan associations to secure the City's deposits not covered by federal deposit insurance by pledging government securities as collateral. The market value of pledged securities must equal at least 110 percent of the City's deposits. The collateral must be held at the pledging bank's trust department or another bank, acting as the pledging bank's agent, in the City's name. All of the banks with funds deposited by the Treasurer secure deposits with sufficient collateral.

NOTES TO THE STATEMENT OF CASH AND INVESTMENTS

NOTE 1.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments

The Treasurer makes investments in securities for a pooled money investment account with financial institutions and for individual investment accounts that are not invested through the pooled money investment account. The securities in the accompanying Statement of Cash and Investments are reported at fair value in accordance with the Government Accounting Standards Board Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. The statement requires government entities to report investments at fair value in the balance sheet or other statement of financial position. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following table summarizes the investments stated at cost and fair value.

Schedule of Investments
Stated at Cost and Fair Value
For the Quarter Ended December 31, 2001

Investment Type	Cost	Fair Value (a)
Federal Farm Credit Bank Consolidated		
Discount Notes	\$ 15,584,224	\$ 15,846,214
Federal Home Loan Bank Consolidated		
Discount Notes	169,999,792	170,509,147
Federal Home Loan Bank Notes	24,993,750	25,203,125
Federal Home Loan Mortgage Corporation		
Bonds	14,988,750	14,962,500
Federal Home Loan Mortgage Corporation		
Discount Notes	320,966,583	325,080,171
Federal National Mortgage Association		
Discount Notes	268,152,004	269,629,515
Federal National Mortgage Association Notes	34,000,000	34,340,000
Negotiable Certificates of Deposit	354,000,000	356,281,878
Public Time Deposit	1,100,000	1,098,814
Treasury Bills	541,344,438	545,915,613
Treasury Notes	1,292,939,576	1,327,166,175
Total	\$3,038,069,117	\$3,086,033,152

(a) The fair value amounts do not include accrued interest of \$21,274,012.

cc: Mayor
Board of Supervisors
Civil Grand Jury
Budget Analyst
Treasury Oversight Committee
Public Library
KPMG LLP

**OFFICE OF THE
TREASURER AND
TAX COLLECTOR:**

**Statement of Cash and
Investments for the Quarter
Ended March 31, 2002**

DOCUMENTS DEPT.

JUL 12 2002

SAN FRANCISCO
PUBLIC LIBRARY



Audit Number 01075
July 8, 2002

Edward Harrington
Controller

July 8, 2002

Audit Number 01075

Susan Leal, Treasurer
Office of the Treasurer and Tax Collector
City Hall, Room 140
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4638

Dear Ms. Leal:

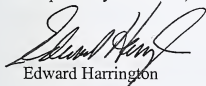
The Controller's Audits Division presents its financial audit report of the Statement of Cash and Investments of the Office of the Treasurer and Tax Collector (Treasurer) for the quarter ended March 31, 2002. The Statement of Cash and Investments presents the total cash on hand, cash in bank, and investments under the control and accountability of the Treasurer of the City and County of San Francisco (City).

Results:

	<u>March 31, 2002</u>
Cash and Investments:	
Cash on Hand	\$ 6,780
Cash in Bank	143,141,736
Investments	<u>2,942,200,802</u>
Total Cash and Investments	\$ 3,085,349,318

We found that the statement presents fairly the cash and investments of the City under the control and accountability of the Treasurer for the quarter ended March 31, 2002.

Respectfully submitted,


Edward Harrington
Controller

INTERNAL AUDITOR'S REPORT

We have audited the accompanying Statement of Cash and Investments for the quarter ended March 31, 2002. The Statement of Cash and Investments is the responsibility of management of the Office of the Treasurer and Tax Collector (Treasurer) of the City and County of San Francisco. Our responsibility is to express an opinion on the Statement of Cash and Investments based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the accompanying Statement of Cash and Investments is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Statement of Cash and Investments. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Statement of Cash and Investments. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note A, the Statement of Cash and Investments presents only the total cash on hand, cash in bank, and investments under the control and accountability of the Treasurer. This report is intended for the purpose of providing information required by Section 26923 of the California Government Code and Section 10.6-3 of the San Francisco Administrative Code. Our audit does not include an evaluation of the performance of the Treasurer's investment portfolio.

In our opinion, the Statement of Cash and Investments referred to above presents fairly, in all material respects, the cash and investments of the Treasurer for the quarter ended March 31, 2002, in conformity with accounting principles generally accepted in the United States of America.

CONTROLLER'S AUDITS DIVISION



NORIAKI HIRASUNA, CPA
Director

Date: July 8, 2002

Staff: Elisa Sullivan, Audit Manager
Leon Valle, Jr.

STATEMENT OF CASH AND INVESTMENTS
For the Quarter Ended March 31, 2002

<u>Account Title</u>	<u>Total</u>
Cash	
Cash on Hand	\$ 6,780
Cash in Bank	143,141,736
Total Cash	<u>\$ 143,148,516</u>
Investments	
Commercial Paper Discounts	49,910,000
Federal Farm Credit Bank Consolidated Discount Notes	10,899,395
Federal Home Loan Bank Consolidated Discount Notes	229,588,657
Federal Home Loan Bank Note	25,085,937
Federal Home Loan Mortgage Corporation Discount Notes	148,151,170
Federal National Mortgage Association Discount Notes	250,838,279
Federal National Mortgage Association Notes	34,127,500
Negotiable Certificates of Deposit	204,535,166
Public Time Deposit	99,231
Treasury Bills	1,022,959,981
Treasury Notes	966,005,486
Total Investments	<u>\$ 2,942,200,802</u>
Total Cash and Investments	<u>\$ 3,085,349,318</u>

NOTES TO THE STATEMENT OF CASH AND INVESTMENTS

NOTE 1.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Financial Reporting Entity

The Statement of Cash and Investments presents only the cash on hand, cash in bank, and investments under the control and accountability of the Office of the Treasurer and Tax Collector (Treasurer) of the City and County of San Francisco (City). The Statement of Cash and Investments is not intended to present fairly the financial position and results of operations of the Treasurer or of the City.

The Treasurer is responsible for the custody and investment of the public funds of the City. The Treasurer is authorized to conduct these functions by the California Government Code Section 53600 et seq. and the San Francisco Administrative Code, Section 10, under investment policies established by the Treasurer and filed with the City's Board of Supervisors. The funds are mainly invested in low risk investments such as United States government securities. The Treasurer also provides a safekeeping service for the City, where city departments may deposit securities and other assets in the Treasurer's vault.

B. Basis of Presentation

Cash and Deposits

The California Government Code requires California banks and savings and loan associations to secure the City's deposits not covered by federal deposit insurance by pledging government securities as collateral. The market value of pledged securities must equal at least 110 percent of the City's deposits. The collateral must be held at the pledging bank's trust department or another bank, acting as the pledging bank's agent, in the City's name. All of the banks with funds deposited by the Treasurer secure deposits with sufficient collateral.

NOTES TO THE STATEMENT OF CASH AND INVESTMENTS

NOTE 1.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments

The Treasurer makes investments in securities for a pooled money investment account with financial institutions and for individual investment accounts that are not invested through the pooled money investment account. The securities in the accompanying Statement of Cash and Investments are reported at fair value in accordance with the Government Accounting Standards Board Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. The statement requires government entities to report investments at fair value in the balance sheet or other statement of financial position. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following table summarizes the investments stated at cost and fair value.

Schedule of Investments
Stated at Cost and Fair Value
For the Quarter Ended March 31, 2002

Investment Type	Cost	Fair Value (a)
Commercial Paper Discounts	\$ 49,859,222	\$ 49,910,000
Federal Farm Credit Bank Consolidated		
Discount Notes	10,830,258	10,899,395
Federal Home Loan Bank Consolidated		
Discount Notes	228,561,782	229,588,657
Federal Home Loan Bank Note	24,993,750	25,085,937
Federal Home Loan Mortgage Corporation		
Discount Notes	146,937,967	148,151,170
Federal National Mortgage Association		
Discount Notes	248,783,013	250,838,279
Federal National Mortgage Association Notes	34,000,000	34,127,500
Negotiable Certificates of Deposit	204,000,000	204,535,166
Public Time Deposit	100,000	99,231
Treasury Bills	1,020,484,897	1,022,959,981
Treasury Notes	945,165,270	966,005,486
Total	\$2,913,716,159	\$2,942,200,802

(a) The fair value amounts do not include accrued interest of \$19,860,288.

cc: Mayor
Board of Supervisors
Civil Grand Jury
Budget Analyst
Treasury Oversight Committee
Public Library
KPMG LLP

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CITY AND COUNTY OF SAN FRANCISCO

OFFICE OF THE CONTROLLER

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**OFFICE OF THE
TREASURER AND TAX
COLLECTOR:**

**Statement of Cash and
Investments for the Quarter
Ended September 30, 2002**



Audit Number 02032
February 3, 2003



Edward Harrington
Controller

Monique Zmuda
Deputy Controller

February 3, 2003

Audit Number 02032

Susan Leal, Treasurer
Office of the Treasurer and Tax Collector
City Hall, Room 140
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4638

Dear Ms. Leal:

The Controller's Audits Division presents its financial audit report of the Statement of Cash and Investments of the Office of the Treasurer and Tax Collector (Treasurer) for the quarter ended September 30, 2002. The Statement of Cash and Investments presents the total cash and investments under the control and accountability of the Treasurer of the City and County of San Francisco (City).

Results:

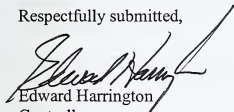
September 30, 2002

Cash and Investments:

Cash on Hand	\$ 6,780
Cash in Bank	37,739,612
Investments	<u>2,694,614,911</u>
Total Cash and Investments	\$2,732,361,303

We found that the Statement of Cash and Investments presents fairly the cash and investments of the City under the control and accountability of the Treasurer for the quarter ended September 30, 2002.

Respectfully submitted,


Edward Harrington
Controller

Edward Harrington
ControllerMonique Zmuda
Deputy Controller**INTERNAL AUDITOR'S REPORT**

We have audited the accompanying Statement of Cash and Investments for the quarter ended September 30, 2002. The Statement of Cash and Investments is the responsibility of management of the Office of the Treasurer and Tax Collector (Treasurer) of the City and County of San Francisco. Our responsibility is to express an opinion on the Statement of Cash and Investments based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement of Cash and Investments is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Statement of Cash and Investments. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Statement of Cash and Investments. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note A, the Statement of Cash and Investments presents only the total cash on hand, cash in bank, and investments under the control and accountability of the Treasurer. This report is intended for the purpose of providing information as required by Section 26923 of the California Government Code and Section 10.6-3 of the San Francisco Administrative Code. Our audit does not include an evaluation of the performance of the Treasurer's investment portfolio.

In our opinion, the Statement of Cash and Investments referred to above presents fairly, in all material respects, the cash and investments of the Treasurer for the quarter ended September 30, 2002, in conformity with accounting principles generally accepted in the United States of America.

CONTROLLER'S AUDITS DIVISIONNORIAKI HIRASUNA, CPA
Director

Date: February 3, 2003

Staff: Elisa Sullivan, Audit Manager
Leon Valle, Jr.
Winnie Woo

STATEMENT OF CASH AND INVESTMENTS
For the Quarter Ended September 30, 2002

<u>Account Title</u>	<u>Total</u>
Cash	
Cash on Hand	\$ 6,780
Cash in Bank	37,739,612
Total Cash	<u>\$ 37,746,392</u>
Investments	
Federal Home Loan Bank Consolidated Discount Notes	217,458,239
Federal Home Loan Mortgage Corporation Discount Notes	67,652,146
Federal National Mortgage Association Discount Notes	166,695,825
Negotiable Certificate of Deposit	44,996,762
Public Time Deposit	99,565
Treasury Bills	1,384,785,313
Treasury Notes	812,927,061
Total Investments	<u>\$ 2,694,614,911</u>
Total Cash and Investments	<u>\$ 2,732,361,303</u>

NOTES TO THE STATEMENT OF CASH AND INVESTMENTS

NOTE 1.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *The Financial Reporting Entity*

The Statement of Cash and Investments presents only the cash on hand, cash in bank, investments, and safekeeping items under the control and accountability of the Office of the Treasurer and Tax Collector (Treasurer) of the City and County of San Francisco (City). The Statement of Cash and Investments is not intended to present fairly the financial position and results of operations of the Treasurer or of the City.

The Treasurer is responsible for the custody and investment of the public funds of the City. The Treasurer is authorized to conduct these functions by the California Government Code Section 53600 et seq. and the San Francisco Administrative Code, Section 10, under investment policies established by the Treasurer and filed with the City's Board of Supervisors. The funds are mainly invested in low risk investments such as United States government securities. The Treasurer also provides a safekeeping service for the City, where city departments may deposit securities and other assets in the Treasurer's vault.

B. *Basis of Presentation*

Cash and Deposits

The California Government Code requires California banks and savings and loan associations to secure the City's deposits not covered by federal deposit insurance by pledging government securities as collateral. The market value of pledged securities must equal at least 110 percent of the City's deposits. The collateral must be held at the pledging bank's trust department or another bank, acting as the pledging bank's agent, in the City's name. All of the banks with funds deposited by the Treasurer secure deposits with sufficient collateral.

Investments

The Treasurer makes investments in securities for a pooled money investment account with financial institutions and for individual investment accounts that are not invested through the pooled money investment account. The securities in the accompanying Statement of Cash and Investments are reported at fair value in accordance with the Government Accounting Standards Board Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. The statement

requires government entities to report investments at fair value in the balance sheet or other statement of financial position. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following table summarizes the investments stated at cost and fair value.

**Schedule of Investments
Stated at Cost and Fair Value
For the Quarter Ended September 30, 2002**

Investment Type	Cost	Fair Value (a)
Federal Home Loan Bank Consolidated Discount Notes	217,022,403	217,458,239
Federal Home Loan Mortgage Corporation Discount Notes	66,617,971	67,652,146
Federal National Mortgage Association Discount Notes	165,979,816	166,695,825
Negotiable Certificate of Deposit	45,000,000	44,996,762
Public Time Deposit	100,000	99,565
Treasury Bills	1,381,815,540	1,384,785,313
Treasury Notes	773,970,748	812,927,061
Total	\$ 2,650,506,478	\$ 2,694,614,911

(a) The fair value amounts do not include accrued interest of \$9,441,183.

cc: Mayor
Board of Supervisors
Civil Grand Jury
Budget Analyst
Treasury Oversight Committee
Public Library
KPMG LLP

**OFFICE OF THE
TREASURER AND TAX
COLLECTOR:**

**Statement of Cash and
Investments for the Quarter
Ended December 31, 2002**

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Audit Number 02042
March 24, 2003



CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ed Harrington
Controller

Monique Zmuda
Deputy Controller

March 24, 2003

Audit Number 02042

Susan Leal, Treasurer
Office of the Treasurer and Tax Collector
City Hall, Room 140
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4638

Dear Ms. Leal:

The Controller's Audits Division presents its financial audit report of the Statement of Cash and Investments of the Office of the Treasurer and Tax Collector (Treasurer) for the quarter ended December 31, 2002. The Statement of Cash and Investments presents the total cash and investments under the control and accountability of the Treasurer of the City and County of San Francisco (City).

Results:

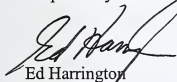
December 31, 2002

Cash and Investments:

Cash on Hand	\$ 6,780
Cash in Bank	82,688,907
Investments	<u>2,697,590,996</u>
Total Cash and Investments	<u>\$2,780,286,683</u>

We found that the Statement of Cash and Investments presents fairly the cash and investments of the City under the control and accountability of the Treasurer for the quarter ended December 31, 2002.

Respectfully submitted,


Ed Harrington
Controller



CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ed Harrington
Controller

Monique Zmuda
Deputy Controller

INTERNAL AUDITOR'S REPORT

We have audited the accompanying Statement of Cash and Investments for the quarter ended December 31, 2002. The Statement of Cash and Investments is the responsibility of management of the Office of the Treasurer and Tax Collector (Treasurer) of the City and County of San Francisco. Our responsibility is to express an opinion on the Statement of Cash and Investments based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement of Cash and Investments is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Statement of Cash and Investments. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Statement of Cash and Investments. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note A, the Statement of Cash and Investments presents only the total cash on hand, cash in bank, and investments under the control and accountability of the Treasurer. This report is intended for the purpose of providing information as required by Section 26923 of the California Government Code and Section 10.6-3 of the San Francisco Administrative Code. Our audit does not include an evaluation of the performance of the Treasurer's investment portfolio.

In our opinion, the Statement of Cash and Investments referred to above presents fairly, in all material respects, the cash and investments of the Treasurer for the quarter ended December 31, 2002, in conformity with accounting principles generally accepted in the United States of America.

CONTROLLER'S AUDITS DIVISION

Noriaki Hirasuna, CPA
Director

Date: March 24, 2003

Staff: Elisa Sullivan, Audit Manager
Leon Valle, Jr.

STATEMENT OF CASH AND INVESTMENTS
For the Quarter Ended December 31, 2002

<u>Account Title</u>	<u>Total</u>
Cash	
Cash on Hand	\$ 6,780
Cash in Bank	82,688,907
Total Cash	<u>\$ 82,695,687</u>
Investments	
Federal Home Loan Bank Consolidated Discount Notes	\$ 421,435,614
Federal Home Loan Mortgage Corporation Discount Notes	342,433,423
Federal National Mortgage Association Discount Notes	250,620,882
Treasury Bills	919,522,500
Treasury Notes	763,578,577
Total Investments	<u>\$ 2,697,590,996</u>
 Total Cash and Investments	 <u>\$ 2,780,286,683</u>

NOTES TO THE STATEMENT OF CASH AND INVESTMENTS

NOTE 1.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Financial Reporting Entity

The Statement of Cash and Investments presents only the cash on hand, cash in bank, and investments under the control and accountability of the Office of the Treasurer and Tax Collector (Treasurer) of the City and County of San Francisco (City). The Statement of Cash and Investments is not intended to present fairly the financial position and results of operations of the Treasurer or of the City.

The Treasurer is responsible for the custody and investment of the public funds of the City. The Treasurer is authorized to conduct these functions by the California Government Code, Section 53600 et seq. and the San Francisco Administrative Code, Section 10, under investment policies established by the Treasurer and filed with the City's Board of Supervisors. The funds are mainly invested in low risk investments such as United States government securities. The Treasurer also provides a safekeeping service for the City, where city departments may deposit securities and other assets in the Treasurer's vault.

B. Basis of Presentation

Cash and Deposits

The California Government Code requires California banks and savings and loan associations to secure the City's deposits not covered by federal deposit insurance by pledging government securities as collateral. The market value of pledged securities must equal at least 110 percent of the City's deposits. The collateral must be held at the pledging bank's trust department or another bank, acting as the pledging bank's agent, in the City's name. All of the banks with funds deposited by the Treasurer secure deposits with sufficient collateral.

Investments

The Treasurer makes investments in securities for a pooled money investment account with financial institutions and for individual investment accounts that are not invested through the pooled money investment account. The securities in the accompanying Statement of Cash and Investments are reported at fair value in accordance with the Government Accounting Standards Board Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. The statement

requires government entities to report investments at fair value in the balance sheet or other statement of financial position. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following table summarizes the investments stated at cost and fair value.

**Schedule of Investments
Stated at Cost and Fair Value
For the Quarter Ended December 31, 2002**

Investment Type	Cost	Fair Value (a)
Federal Home Loan Bank		
Consolidated Discount Notes	\$ 420,635,499	\$ 421,435,614
Federal Home Loan Mortgage		
Corporation Discount Notes	341,549,685	342,433,423
Federal National Mortgage		
Association Discount Notes	249,720,708	250,620,882
Treasury Bills	916,005,782	919,522,500
Treasury Notes	729,040,048	763,578,577
Total	\$ 2,656,951,722	\$ 2,697,590,996

(a) The fair value amounts do not include accrued interest of \$7,118,400.

cc: Mayor
Board of Supervisors
Civil Grand Jury
Budget Analyst
Treasury Oversight Committee
Public Library
KPMG LLP

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**OFFICE OF THE
TREASURER AND TAX
COLLECTOR:**

**Statement of Cash and
Investments for the Quarter
Ended March 31, 2003**



Audit Number 02053
June 30, 2003



CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ed Harrington
Controller

Monique Zmuda
Deputy Controller

June 30, 2003

Audit Number 02053

Susan Leal, Treasurer
Office of the Treasurer and Tax Collector
City Hall, Room 140
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4638

Dear Ms. Leal:

The Controller's Audits Division presents its financial audit report of the Statement of Cash and Investments of the Office of the Treasurer and Tax Collector (Treasurer) for the quarter ended March 31, 2003. The Statement of Cash and Investments presents the total cash and investments under the control and accountability of the Treasurer of the City and County of San Francisco (City).

Results:

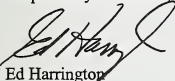
March 31, 2003

Cash and Investments:

Cash on Hand	\$ 6,780
Cash in Bank	56,103,186
Investments	<u>2,509,479,389</u>
Total Cash and Investments	<u>\$2,565,589,355</u>

We found that the Statement of Cash and Investments presents fairly the cash and investments of the City under the control and accountability of the Treasurer for the quarter ended March 31, 2003.

Respectfully submitted,


Ed Harrington
Controller



CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ed Harrington
Controller

Monique Zmuda
Deputy Controller

INTERNAL AUDITOR'S REPORT

We have audited the accompanying Statement of Cash and Investments for the quarter ended March 31, 2003. The Statement of Cash and Investments is the responsibility of management of the Office of the Treasurer and Tax Collector (Treasurer) of the City and County of San Francisco. Our responsibility is to express an opinion on the Statement of Cash and Investments based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement of Cash and Investments is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Statement of Cash and Investments. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Statement of Cash and Investments. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note A, the Statement of Cash and Investments presents only the total cash on hand, cash in bank, and investments under the control and accountability of the Treasurer. This report is intended for the purpose of providing information as required by Section 26923 of the California Government Code and Section 10.6-3 of the San Francisco Administrative Code. Our audit does not include an evaluation of the performance of the Treasurer's investment portfolio.

In our opinion, the Statement of Cash and Investments referred to above presents fairly, in all material respects, the cash and investments of the Treasurer for the quarter ended March 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

CONTROLLER'S AUDITS DIVISION

Noriaki Hirasuna, CPA
Director

Date: June 30, 2003

Staff: Elisa Sullivan, Audit Manager
Leon Valle, Jr.

STATEMENT OF CASH AND INVESTMENTS
For the Quarter Ended March 31, 2003

<u>Account Title</u>	<u>Total</u>
Cash	
Cash on Hand	\$ 6,780
Cash in Bank	56,103,186
Total Cash	<u>\$ 56,109,966</u>
Investments	
Federal Home Loan Bank Consolidated Discount Notes	\$ 41,942,967
Federal Home Loan Mortgage Corporation Discount Notes	90,728,544
Federal National Mortgage Association Discount Notes	29,979,583
Negotiable Certificates of Deposit	424,995,391
Public Time Deposit	99,693
Treasury Bills	1,208,834,375
Treasury Notes	712,898,836
Total Investments	<u>\$ 2,509,479,389</u>
 Total Cash and Investments	 <u>\$ 2,565,589,355</u>

NOTES TO THE STATEMENT OF CASH AND INVESTMENTS

NOTE 1.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *The Financial Reporting Entity*

The Statement of Cash and Investments presents only the cash on hand, cash in bank, and investments under the control and accountability of the Office of the Treasurer and Tax Collector (Treasurer) of the City and County of San Francisco (City). The Statement of Cash and Investments is not intended to present fairly the financial position and results of operations of the Treasurer or of the City.

The Treasurer is responsible for the custody and investment of the public funds of the City. The Treasurer is authorized to conduct these functions by the California Government Code, Section 53600 et seq. and the San Francisco Administrative Code, Section 10, under investment policies established by the Treasurer and filed with the City's Board of Supervisors. The funds are mainly invested in low risk investments such as United States government securities. The Treasurer also provides a safekeeping service for the City, where city departments may deposit securities and other assets in the Treasurer's vault.

B. *Basis of Presentation*

Cash and Deposits

The California Government Code requires California banks and savings and loan associations to secure the City's deposits not covered by federal deposit insurance by pledging government securities as collateral. The market value of pledged securities must equal at least 110 percent of the City's deposits. The collateral must be held at the pledging bank's trust department or another bank, acting as the pledging bank's agent, in the City's name. All of the banks with funds deposited by the Treasurer secure deposits with sufficient collateral.

Investments

The Treasurer makes investments in securities for a pooled money investment account with financial institutions and for individual investment accounts that are not invested through the pooled money investment account. The securities in the accompanying Statement of Cash and Investments are reported at fair value in accordance with the Government Accounting Standards Board Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. The statement

requires government entities to report investments at fair value in the balance sheet or other statement of financial position. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following table summarizes the investments stated at cost and fair value.

**Schedule of Investments
Stated at Cost and Fair Value
For the Quarter Ended March 31, 2003**

Investment Type	Cost	Fair Value (a)
Federal Home Loan Bank		
Consolidated Discount Notes	\$ 41,843,282	\$ 41,942,967
Federal Home Loan Mortgage		
Corporation Discount Notes	90,264,904	90,728,544
Federal National Mortgage		
Association Discount Notes	29,956,950	29,979,583
Negotiable Certificates of Deposit	425,000,000	424,995,391
Public Time Deposit	100,000	99,693
Treasury Bills	1,205,912,410	1,208,834,375
Treasury Notes	684,779,001	712,898,836
Total	\$ 2,477,856,547	\$ 2,509,479,389

(a) The fair value amounts do not include accrued interest of \$8,588,623.

cc: Mayor
Board of Supervisors
Civil Grand Jury
Budget Analyst
Treasury Oversight Committee
Public Library
KPMG LLP

CITY AND COUNTY OF SAN FRANCISCO

OFFICE OF THE CONTROLLER

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PUBLIC LIBRARY

Audit Number

**OFFICE OF THE
TREASURER AND TAX
COLLECTOR:**

Statement of Cash and Investments for
the Quarter Ended September 30, 2003



Audit Number 03012
December 11, 2003



CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ed Harrington
Controller

Monique Zmuda
Deputy Controller

December 11, 2003

Audit Number 03012

Susan Leal, Treasurer
Office of the Treasurer and Tax Collector
City Hall, Room 140
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4638

Dear Ms. Leal:

The Controller's Audits Division presents its review report of the Statement of Cash and Investments of the Office of the Treasurer and Tax Collector (Treasurer) of the City and County of San Francisco (City) for the quarter ended September 30, 2003. The Statement of Cash and Investments presents the total cash and investments under the control and accountability of the Treasurer of the City.

Results:

September 30, 2003

Cash and Investments:

Cash on Hand	\$ 6,780
Cash in Bank	58,877,744
Investments	<u>2,040,616,639</u>
Total Cash and Investments	\$2,099,501,163

Based on our review, we are not aware of any material modifications that should be made to the Statement of Cash and Investments at September 30, 2003 in order for it to be in conformity with generally accepted accounting principles.

Respectfully submitted,


Ed Harrington
Controller



CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ed Harrington
Controller
Monique Zmuda
Deputy Controller

December 11, 2003

Audit Number 03012

Susan Leal, Treasurer
Office of the Treasurer and Tax Collector
City Hall, Room 140
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4638

Dear Ms. Leal:

The Controller's Audits Division presents its review report of the Statement of Cash and Investments of the Office of the Treasurer and Tax Collector (Treasurer) of the City and County of San Francisco (City) for the quarter ended September 30, 2003. The Statement of Cash and Investments presents the total cash and investments under the control and accountability of the Treasurer of the City.

Results:

September 30, 2003

Cash and Investments:

Cash on Hand	\$ 6,780
Cash in Bank	58,877,744
Investments	<u>2,040,616,639</u>
Total Cash and Investments	\$2,099,501,163

Based on our review, we are not aware of any material modifications that should be made to the Statement of Cash and Investments at September 30, 2003 in order for it to be in conformity with generally accepted accounting principles.

Respectfully submitted,


Ed Harrington
Controller



CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER
AUDITS DIVISION

Ed Harrington
Controller

Monique Zmuda
Deputy Controller

ACCOUNTANT'S REVIEW REPORT

We have reviewed the accompanying Statement of Cash and Investments for the quarter ended September 30, 2003, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in the Statement of Cash and Investments is the representation of management of the Office of the Treasurer and Tax Collector (Treasurer) of the City and County of San Francisco.

A review consists principally of inquiries of department personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the Statement of Cash and Investments. Accordingly, we do not express such an opinion.

Basis on our review, we are not aware of any material modifications that should be made to the Statement of Cash and Investments in order for it to be in conformity with generally accepted accounting principles.

CONTROLLER'S AUDITS DIVISION

Noriaki Hirasuna, CPA
Director

Date: December 11, 2003

Staff: Elisa Sullivan, Audit Manager
Leon Valle, Jr.

STATEMENT OF CASH AND INVESTMENTS
For the Quarter Ended September 30, 2003

<u>Account Title</u>	<u>Total</u>
Cash	
Cash on Hand	\$ 6,780
Cash in Bank	58,877,744
Total Cash	<u>\$ 58,884,524</u>
Investments	
Federal Home Loan Bank Consolidated Discount Notes	\$ 215,633,310
Federal Home Loan Mortgage Corporation Discount Notes	433,331,288
Federal National Mortgage Association Discount Notes	154,486,006
Negotiable Certificates of Deposit	315,000,097
Public Time Deposit	99,688
Treasury Bills	269,595,312
Treasury Notes	652,470,938
Total Investments	<u>\$ 2,040,616,639</u>
 Total Cash and Investments	 <u>\$ 2,099,501,163</u>

See Accountant's Review Report

NOTES TO THE STATEMENT OF CASH AND INVESTMENTS

NOTE 1.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Financial Reporting Entity

The Statement of Cash and Investments presents only the cash on hand, cash in bank, and investments under the control and accountability of the Office of the Treasurer and Tax Collector (Treasurer) of the City and County of San Francisco (City). The Statement of Cash and Investments is not intended to present fairly the financial position and results of operations of the Treasurer or of the City.

The Treasurer is responsible for the custody and investment of the public funds of the City. The Treasurer is authorized to conduct these functions by the California Government Code, Section 53600 et seq. and the San Francisco Administrative Code, Section 10, under investment policies established by the Treasurer and filed with the City's Board of Supervisors. The funds are mainly invested in low risk investments such as United States government securities. The Treasurer also provides a safekeeping service for the City, where city departments may deposit securities and other assets in the Treasurer's vault.

B. Basis of Presentation

Cash and Deposits

The California Government Code requires California banks and savings and loan associations to secure the City's deposits not covered by federal deposit insurance by pledging government securities as collateral. The market value of pledged securities must equal at least 110 percent of the City's deposits. The collateral must be held at the pledging bank's trust department or another bank, acting as the pledging bank's agent, in the City's name. All of the banks with funds deposited by the Treasurer secure deposits with sufficient collateral.

Investments

The Treasurer makes investments in securities for a pooled money investment account with financial institutions and for individual investment accounts that are not invested through the pooled money investment account. The securities in the accompanying Statement of Cash and Investments are reported at fair value in accordance with the Government Accounting Standards Board Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. The statement

requires government entities to report investments at fair value in the balance sheet or other statement of financial position. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following table summarizes the investments stated at cost and fair value.

**Schedule of Investments
Stated at Cost and Fair Value
For the Quarter Ended September 30, 2003**

Investment Type	Cost	Fair Value (a)
Federal Home Loan Bank		
Consolidated Discount Notes	\$ 215,487,250	\$ 215,633,310
Federal Home Loan Mortgage Corporation Discount Notes	432,723,551	433,331,288
Federal National Mortgage Association Discount Notes	154,578,753	154,486,006
Negotiable Certificates of Deposit	315,000,000	315,000,097
Public Time Deposit	100,000	99,688
Treasury Bills	269,286,191	269,595,312
Treasury Notes	634,888,548	652,470,938
Total	\$ 2,022,064,293	\$ 2,040,616,639

(a) The fair value amounts do not include accrued interest of \$8,081,087.

cc: Mayor
Board of Supervisors
Civil Grand Jury
Budget Analyst
Treasury Oversight Committee
Public Library
KPMG LLP

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APR 15 2004

SAN FRANCISCO
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Audit Division

**OFFICE OF THE
TREASURER AND TAX
COLLECTOR:**

Statement of Cash and Investments for
the Quarter Ended December 31, 2003



Audit Number 03026
April 2, 2004



CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ed Harrington
Controller

Monique Zmuda
Deputy Controller

April 2, 2004

Audit Number 03026

Susan Leal, Treasurer
Office of the Treasurer and Tax Collector
City Hall, Room 140
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4638

Dear Ms. Leal:

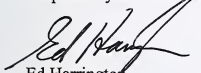
The Controller's Audits Division presents its review report of the Statement of Cash and Investments of the Office of the Treasurer and Tax Collector (Treasurer) of the City and County of San Francisco (City) for the quarter ended December 31, 2003. The Statement of Cash and Investments presents the total cash and investments under the control and accountability of the Treasurer of the City.

Results:

	<u>December 31, 2003</u>
Cash and Investments:	
Cash on Hand	\$ 6,780
Cash in Bank	68,596,745
Investments	<u>2,300,446,583</u>
Total Cash and Investments	\$2,369,050,108

Based on our review, we are not aware of any material modifications that should be made to the Statement of Cash and Investments at December 31, 2003 in order for it to be in conformity with generally accepted accounting principles.

Respectfully submitted


Ed Harrington
Controller



CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER
AUDITS DIVISION

Ed Harrington
Controller

Monique Zmuda
Deputy Controller

ACCOUNTANT'S REVIEW REPORT

We have reviewed the accompanying Statement of Cash and Investments for the quarter ended December 31, 2003, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in the Statement of Cash and Investments is the representation of management of the Office of the Treasurer and Tax Collector (Treasurer) of the City and County of San Francisco.

A review consists principally of inquiries of department personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the Statement of Cash and Investments. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the Statement of Cash and Investments in order for it to be in conformity with generally accepted accounting principles.

CONTROLLER'S AUDITS DIVISION

A handwritten signature in dark ink, appearing to be "N. Hirasuna".

Noriaki Hirasuna, CPA
Director

Date: April 2, 2004

Staff: Elisa Sullivan, Audit Manager
Leon Valle, Jr.

STATEMENT OF CASH AND INVESTMENTS
For the Quarter Ended December 31, 2003

<u>Account Title</u>	<u>Total</u>
Cash	
Cash on Hand	\$ 6,780
Cash in Bank	68,596,745
Total Cash	<u>\$ 68,603,525</u>
Investments	
Commercial Paper Discounts	\$ 73,850,438
Federal Home Loan Bank Discount Notes	184,788,386
Federal Home Loan Mortgage Corporation Discount Notes	274,593,362
Federal National Mortgage Association Discount Notes	489,697,247
Negotiable Certificates of Deposit	490,014,962
Public Time Deposit	100,000
Treasury Bills	359,582,813
Treasury Notes	427,819,375
Total Investments	<u>\$ 2,300,446,583</u>
Total Cash and Investments	<u>\$ 2,369,050,108</u>

See Accountant's Review Report

NOTES TO THE STATEMENT OF CASH AND INVESTMENTS

NOTE 1.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Financial Reporting Entity

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B. Basis of Presentation

Cash and Deposits

The California Government Code requires California banks and savings and loan associations to secure the City's deposits not covered by federal deposit insurance by pledging government securities as collateral. The market value of pledged securities must equal at least 110 percent of the City's deposits. The collateral must be held at the pledging bank's trust department or another bank, acting as the pledging bank's agent, in the City's name. All of the banks with funds deposited by the Treasurer secure deposits with sufficient collateral.

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The Treasurer makes investments in securities for a pooled money investment account with financial institutions and for individual investment accounts that are not invested through the pooled money investment account. The securities in the accompanying Statement of Cash and Investments are reported at fair value in accordance with the Government Accounting Standards Board Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. The statement

requires government entities to report investments at fair value in the balance sheet or other statement of financial position. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following table summarizes the investments stated at cost and fair value.

**Schedule of Investments
Stated at Cost and Fair Value
For the Quarter Ended December 31, 2003**

Investment Type	Cost	Fair Value (a)
Commercial Paper Discounts	\$ 73,766,859	\$ 73,850,438
Federal Home Loan Bank Discount Notes	184,380,368	184,788,386
Federal Home Loan Mortgage Corporation Discount Notes	273,930,521	274,593,362
Federal National Mortgage Association Discount Notes	489,454,251	489,697,247
Negotiable Certificates of Deposit	490,000,000	490,014,962
Public Time Deposit	100,000	100,000
Treasury Bills	358,980,304	359,582,813
Treasury Notes	416,229,072	427,819,375
Total	\$ 2,286,841,375	\$ 2,300,446,583

(a) The fair value amounts do not include accrued interest of \$5,049,763.

cc: Mayor
Board of Supervisors
Civil Grand Jury
Budget Analyst
Treasury Oversight Committee
Public Library
KPMG LLP

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**OFFICE OF THE
TREASURER AND TAX
COLLECTOR:**

Statement of Cash and Investments for
the Quarter Ended March 31, 2004



Audit Number 03033
June 30, 2004



CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ed Harrington
Controller
Monique Zmuda
Deputy Controller

June 30, 2004

Audit Number 03033

Susan Leal, Treasurer
Office of the Treasurer and Tax Collector
City Hall, Room 140
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4638

Dear Ms. Leal:

The Controller's Audits Division presents its review report of the Statement of Cash and Investments of the Office of the Treasurer and Tax Collector (Treasurer) of the City and County of San Francisco (City) for the quarter ended March 31, 2004. The Statement of Cash and Investments presents the total cash and investments under the control and accountability of the Treasurer of the City.

Results:

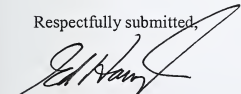
March 31, 2004

Cash and Investments:

Cash on Hand	\$ 6,780
Cash in Bank	105,191,315
Investments	<u>2,216,524,574</u>
Total Cash and Investments	\$2,321,722,669

Based on our review, we are not aware of any material modifications that should be made to the Statement of Cash and Investments as of March 31, 2004, in order for it to be in conformity with generally accepted accounting principles.

Respectfully submitted,



Ed Harrington
Controller



CITY AND COUNTY OF SAN FRANCISCO

OFFICE OF THE CONTROLLER
AUDITS DIVISION

Ed Harrington
Controller

Monique Zmuda
Deputy Controller

ACCOUNTANT'S REVIEW REPORT

We have reviewed the accompanying Statement of Cash and Investments for the quarter ended March 31, 2004, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in the Statement of Cash and Investments is the representation of management of the Office of the Treasurer and Tax Collector (Treasurer) of the City and County of San Francisco.

A review consists principally of inquiries of department personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the Statement of Cash and Investments. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the Statement of Cash and Investments in order for it to be in conformity with generally accepted accounting principles.

CONTROLLER'S AUDITS DIVISION

Noriaki Hirasuna, CPA
Director

Date: June 30, 2004

Staff: Elisa Sullivan, Audit Manager
Leon Valle, Jr.

STATEMENT OF CASH AND INVESTMENTS
March 31, 2004

<u>Account Title</u>	<u>Total</u>
Cash	
Cash on Hand	\$ 6,780
Cash in Bank	105,191,315
Total Cash	<u>\$ 105,198,095</u>
Investments	
Commercial Paper Discounts	\$ 558,585,883
Federal Home Loan Bank Discount Notes	379,765,072
Federal Home Loan Mortgage Corporation Discount Notes	231,831,848
Federal National Mortgage Association Discount Notes	169,901,806
Negotiable Certificates of Deposit	290,007,146
Public Time Deposit	99,694
Treasury Bills	343,108,125
Treasury Notes	243,225,000
Total Investments	<u>\$ 2,216,524,574</u>
Total Cash and Investments	<u>\$ 2,321,722,669</u>

See Accountant's Review Report

NOTES TO THE STATEMENT OF CASH AND INVESTMENTS

NOTE 1.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Financial Reporting Entity

The Statement of Cash and Investments presents only the cash on hand, cash in bank, and investments under the control and accountability of the Office of the Treasurer and Tax Collector (Treasurer) of the City and County of San Francisco (City). The Statement of Cash and Investments is not intended to present fairly the financial position and results of operations of the Treasurer or of the City.

The Treasurer is responsible for the custody and investment of the public funds of the City. The Treasurer is authorized to conduct these functions by the California Government Code, Section 53600 et seq. and the San Francisco Administrative Code, Section 10, under investment policies established by the Treasurer and filed with the City's Board of Supervisors. The funds are mainly invested in low risk investments such as United States government securities. The Treasurer also provides a safekeeping service for the City, where city departments may deposit securities and other assets in the Treasurer's vault.

B. Basis of Presentation

Cash and Deposits

The California Government Code requires California banks and savings and loan associations to secure the City's deposits not covered by federal deposit insurance by pledging government securities as collateral. The market value of pledged securities must equal at least 110 percent of the City's deposits. The collateral must be held at the pledging bank's trust department or another bank, acting as the pledging bank's agent, in the City's name. All of the banks with funds deposited by the Treasurer secure deposits with sufficient collateral.

Investments

The Treasurer makes investments in securities for a pooled money investment account with financial institutions and for individual investment accounts that are not invested through the pooled money investment account. The securities in the accompanying Statement of Cash and Investments are reported at fair value in accordance with the Government Accounting Standards Board Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. The statement

requires government entities to report investments at fair value in the balance sheet or other statement of financial position. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following table summarizes the investments stated at cost and fair value.

**Schedule of Investments
Stated at Cost and Fair Value
For the Quarter Ended March 31, 2004**

Investment Type	Cost	Fair Value (a)
Commercial Paper Discounts	\$ 557,761,764	\$ 558,585,883
Federal Home Loan Bank Discount Notes	379,418,208	379,765,072
Federal Home Loan Mortgage Corporation Discount Notes	231,524,096	231,831,848
Federal National Mortgage Association Discount Notes	169,517,258	169,901,806
Negotiable Certificates of Deposit	289,689,569	290,007,146
Public Time Deposit	100,000	99,694
Treasury Bills	342,709,861	343,108,125
Treasury Notes	235,488,286	243,225,000
Total	\$ 2,206,209,042	\$ 2,216,524,574

(a) The fair value amounts do not include accrued interest of \$3,676,964.

cc: Mayor
Board of Supervisors
Civil Grand Jury
Budget Analyst
Treasury Oversight Committee
Public Library

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**OFFICE OF THE
TREASURER AND TAX
COLLECTOR:**

Statement of Cash and Investments
As of June 30, 2004

**FINANCIAL AUDITS
DIVISION**



October 21, 2004
04001



CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ed Harrington
Controller

Monique Zmuda
Deputy Controller

October 21, 2004

Audit Number 04001

José Cisneros, Treasurer
Office of the Treasurer and Tax Collector
City Hall, Room 140
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4638

Dear Mr. Cisneros:

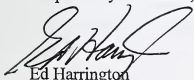
The Controller's Financial Audits Division presents its financial audit report of the Statement of Cash and Investments of the Office of the Treasurer and Tax Collector (Treasurer) as of June 30, 2004. The Statement of Cash and Investments presents the total cash and investments, and safekeeping items under the control and accountability of the Treasurer of the City and County of San Francisco (City).

Results:

	<u>June 30, 2004</u>
Cash and Investments:	
Cash on Hand	\$ 6,780
Cash in Bank	91,382,825
Investments	<u>2,218,143,619</u>
Total Cash and Investments	<u>2,309,533,224</u>
Safekeeping Items:	
Bequests and Trust Funds	597,171
Lease Deposits	<u>25,658,046</u>
Total Safekeeping Items	<u>26,255,217</u>
Total Cash, Investments, and Safekeeping Items	\$2,335,788,441

We found that the Statement of Cash and Investments presents fairly the cash and investments, and safekeeping items of the City under the control and accountability of the Treasurer as of June 30, 2004.

Respectfully submitted,


Ed Harrington
Controller



CITY AND COUNTY OF SAN FRANCISCO

OFFICE OF THE CONTROLLER
FINANCIAL AUDITS DIVISION

Ed Harrington
Controller

Monique Zmuda
Deputy Controller

INTERNAL AUDITOR'S REPORT

San Francisco Board of Supervisors
City and County of San Francisco

We have audited the accompanying Statement of Cash and Investments of the Office of the Treasurer and Tax Collector (Treasurer) of the City and County of San Francisco, as of June 30, 2004. The Statement of Cash and Investments is the responsibility of the Treasurer's management. Our responsibility is to express an opinion on the Statement of Cash and Investments based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement of Cash and Investments is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Statement of Cash and Investments. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Statement of Cash and Investments. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note A, the Statement of Cash and Investments presents only the total cash on hand, cash in bank, investments, and safekeeping items under the control and accountability of the Treasurer. This report is intended for the purpose of providing information as required by Section 26920(b) of the California Government Code and Section 10.6-3 of the San Francisco Administrative Code. Our audit does not include an evaluation of the performance of the Treasurer's investment portfolio.

In our opinion, the Statement of Cash and Investments referred to above presents fairly, in all material respects, the cash, investments, and safekeeping items of the Treasurer as of June 30, 2004, in conformity with accounting principles generally accepted in the United States of America.

CONTROLLER'S FINANCIAL AUDITS DIVISION

Noriaki Hirasuna, CPA
Director

October 21, 2004

Staff: Elisa Sullivan, Audit Manager
Leon Valle, Jr.

Statement of Cash and Investments

June 30, 2004

Account Title	Cash and Safekeeping Items in Treasurer's Vault	Cash and Securities on Deposit with Banks and Trusts	Total
<u>Cash</u>			
Cash on Hand	\$ 6,780		\$ 6,780
Cash in Bank		\$ 91,382,825	91,382,825
Total Cash	6,780	91,382,825	91,389,605
<u>Investments</u>			
Commercial Paper Discounts		566,352,051	566,352,051
Federal Home Loan Bank Discount Notes		49,816,250	49,816,250
Federal Home Loan Mortgage Corporation Discount Notes		49,954,861	49,954,861
Federal National Mortgage Association Discount Notes		75,851,593	75,851,593
Negotiable Certificates of Deposit		289,955,114	289,955,114
Public Time Deposit		100,000	100,000
Treasury Bills		1,066,176,250	1,066,176,250
Treasury Notes		119,937,500	119,937,500
Total Investments		2,218,143,619	2,218,143,619
<u>Safekeeping Items</u>			
Bequests and Trusts			
San Francisco General Hospital			
Augusto Brunetti Bequest	166		166
Laguna Honda Hospital			
William L. Lenahan	207,478		207,478
Marie Lewis Gift Fund	72,336		72,336
Hazel I. Putnam	1,227		1,227
Miscellaneous Gift Fund	118,863		118,863
Recreation and Park Department			
Gilliland Bequest	182,364		182,364
Mildred Martin Bequest	7,182		7,182
Department of Human Services			
Mary Arcuri Account	2,163		2,163
Federal Home Loan Bequest	392		392
War Memorial			
P.P.I.E. Scholarship	5,000		5,000
Total Bequest and Trust Funds	597,171		597,171
Total Lease Deposits	25,658,046		25,658,046
Total Safekeeping Items (Note 1)	26,255,217		26,255,217
Total Cash, Investments, and Safekeeping Items	\$26,261,997	\$2,309,526,444	\$2,335,788,441

NOTES TO THE STATEMENT OF CASH AND INVESTMENTS

NOTE 1.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Financial Reporting Entity

The Statement of Cash and Investments presents only the cash on hand, cash in bank, investments, and safekeeping items under the control and accountability of the Office of the Treasurer and Tax Collector (Treasurer) of the City and County of San Francisco (City). The Statement of Cash and Investments is not intended to present fairly the financial position and results of operations of the Treasurer or of the City.

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B. Basis of Presentation

Cash and Deposits

The California Government Code requires California banks and savings and loan associations to secure the City's deposits not covered by federal deposit insurance by pledging government securities as collateral. The market value of pledged securities must equal at least 110 percent of the City's deposits. The collateral must be held at the pledging bank's trust department or another bank, acting as the pledging bank's agent, in the City's name. All of the banks with funds deposited by the Treasurer secure deposits with sufficient collateral.

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**Schedule of Investments
Stated at Cost and Fair Value
June 30, 2004**

Investment Type	Cost	Fair Value (a)
Commercial Paper Discounts	\$ 565,367,716	\$ 566,352,051
Federal Home Loan Bank Discount Notes	49,753,305	49,816,250
Federal Home Loan Mortgage Corporation Discount Notes	49,901,389	49,954,861
Federal National Mortgage Association Discount Notes	75,779,943	75,851,593
Negotiable Certificates of Deposit	290,000,000	289,955,114
Public Time Deposit	100,000	100,000
Treasury Bills	1,064,434,553	1,066,176,250
Treasury Notes	117,581,641	119,937,500
Total	\$ 2,212,918,547	\$ 2,218,143,619

(a) The fair value amounts do not include accrued interest of \$858,824.

**C. Safekeeping
Items**

The Treasurer also holds for safekeeping bequests, trust funds, and lease deposits for other city departments. The bequests and trust funds consist of stocks and debentures. Those instruments are valued at par, cost, or market value at the time of donation.

cc: Mayor
Board of Supervisors
Civil Grand Jury
Budget Analyst
Treasury Oversight Committee
Public Library

≡ Audits Division
≡ Audit Report

**OFFICE OF THE
TREASURER AND TAX
COLLECTOR:**

Statement of Cash and Investments
as of September 30, 2004

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**FINANCIAL AUDITS
DIVISION**



December 20, 2004
04015



CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ed Harrington
Controller

Monique Zmuda
Deputy Controller

December 20, 2004

Audit Number 04015

José Cisneros, Treasurer
Office of the Treasurer and Tax Collector
City Hall, Room 140
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4638

Dear Mr. Cisneros:

The Controller's Audits Division presents its review report of the Statement of Cash and Investments of the Office of the Treasurer and Tax Collector (Treasurer) of the City and County of San Francisco (City) as of September 30, 2004. The Statement of Cash and Investments presents the total cash and investments under the control and accountability of the Treasurer of the City.

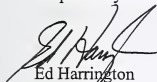
Results:

September 30, 2004

Cash and Investments:	
Cash on Hand	\$ 6,780
Cash in Bank	829,337
Investments	<u>2,330,914,002</u>
Total Cash and Investments	\$2,331,750,119

Based on our review, we are not aware of any material modifications that should be made to the Statement of Cash and Investments as of September 30, 2004, in order for it to be in conformity with generally accepted accounting principles.

Respectfully submitted,


Ed Harrington
Controller



CITY AND COUNTY OF SAN FRANCISCO

**OFFICE OF THE CONTROLLER
FINANCIAL AUDITS DIVISION**

**Ed Harrington
Controller**

**Monique Zmuda
Deputy Controller**

ACCOUNTANT'S REVIEW REPORT

We have reviewed the accompanying Statement of Cash and Investments as of September 30, 2004, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in the Statement of Cash and Investments is the representation of management of the Office of the Treasurer and Tax Collector (Treasurer) of the City and County of San Francisco.

A review consists principally of inquiries of department personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the Statement of Cash and Investments. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the Statement of Cash and Investments in order for it to be in conformity with generally accepted accounting principles.

CONTROLLER'S FINANCIAL AUDITS DIVISION

**Noriaki Hirasuna, CPA
Director**

Date: December 20, 2004

Staff: Elisa Sullivan, Audit Manager
Leon Valle, Jr.

STATEMENT OF CASH AND INVESTMENTS
September 30, 2004

<u>Account Title</u>	<u>Total</u>
Cash	
Cash on Hand	\$ 6,780
Cash in Bank	829,337
Total Cash	<u>\$ 836,117</u>
Investments	
Commercial Paper Discounts	\$ 162,703,650
Federal Home Loan Bank Discount Notes	594,204,186
Federal Home Loan Mortgage Corporation Discount Notes	455,020,050
Federal National Mortgage Association Discount Notes	249,173,727
Negotiable Certificates of Deposit	249,993,594
Public Time Deposit	99,420
Treasury Bills	428,741,875
Treasury Notes	190,977,500
Total Investments	<u>\$ 2,330,914,002</u>
Total Cash and Investments	<u>\$ 2,331,750,119</u>

See Accountant's Review Report

NOTES TO THE STATEMENT OF CASH AND INVESTMENTS

NOTE 1.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Financial Reporting Entity

The Statement of Cash and Investments presents only the cash on hand, cash in bank, and investments under the control and accountability of the Office of the Treasurer and Tax Collector (Treasurer) of the City and County of San Francisco (City). The Statement of Cash and Investments is not intended to present fairly the financial position and results of operations of the Treasurer or of the City.

The Treasurer is responsible for the custody and investment of the public funds of the City. The Treasurer is authorized to conduct these functions by the California Government Code Section 53600 et seq. and the San Francisco Administrative Code, Section 10, under investment policies established by the Treasurer and filed with the City's Board of Supervisors. The funds are mainly invested in low risk investments such as United States government securities. The Treasurer also provides a safekeeping service for the City, where city departments may deposit securities and other assets in the Treasurer's vault.

B. Basis of Presentation

Cash and Deposits

The California Government Code requires California banks and savings and loan associations to secure the City's deposits not covered by federal deposit insurance by pledging government securities as collateral. The market value of pledged securities must equal at least 110 percent of the City's deposits. The collateral must be held at the pledging bank's trust department or another bank, acting as the pledging bank's agent, in the City's name. All of the banks with funds deposited by the Treasurer secure deposits with sufficient collateral.

Investments

The Treasurer makes investments in securities for a pooled money investment account with financial institutions and for individual investment accounts that are not invested through the pooled money investment account. The securities in the accompanying Statement of Cash and Investments are reported at fair value in accordance with the Government Accounting Standards Board Statement No. 31, *Accounting and Financial Reporting for Certain*

Investments and for External Investment Pools. The statement requires government entities to report investments at fair value in the balance sheet or other statement of financial position. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following table summarizes the investments stated at cost and fair value.

**Schedule of Investments
Stated at Cost and Fair Value
September 30, 2004**

Investment Type	Cost	Fair Value (a)
Commercial Paper Discounts	\$ 162,566,077	\$ 162,703,650
Federal Home Loan Bank Discount Notes	594,070,568	594,204,186
Federal Home Loan Mortgage Corporation Discount Notes	454,985,126	455,020,050
Federal National Mortgage Association Discount Notes	248,954,129	249,173,727
Negotiable Certificates of Deposit	250,000,000	249,993,594
Public Time Deposit	100,000	99,420
Treasury Bills	428,672,617	428,741,875
Treasury Notes	189,076,604	190,977,500
Total	\$ 2,328,425,121	\$ 2,330,914,002

(a) The fair value amounts do not include accrued interest of \$978,042.

cc: Mayor
Board of Supervisors
Civil Grand Jury
Budget Analyst
Treasury Oversight Committee
Public Library

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APR - 7 2005

SAN FRANCISCO
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Audit Report
March 24, 2005

**OFFICE OF THE
TREASURER AND TAX
COLLECTOR:**

Statement of Cash and Investments
as of December 31, 2004

**FINANCIAL AUDITS
DIVISION**



March 24, 2005
04025



CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ed Harrington
Controller

Monique Zmuda
Deputy Controller

March 24, 2005

Audit Number 04025

José Cisneros, Treasurer
Office of the Treasurer and Tax Collector
City Hall, Room 140
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4638

Dear Mr. Cisneros:

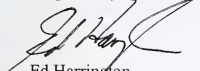
The Controller's Financial Audits Division presents its review report of the Statement of Cash and Investments of the Office of the Treasurer and Tax Collector (Treasurer) of the City and County of San Francisco (City) as of December 31, 2004. The Statement of Cash and Investments presents the total cash and investments under the control and accountability of the Treasurer of the City.

Results:

	<u>December 31, 2004</u>
Cash and Investments:	
Cash on Hand	\$ 6,780
Cash in Bank	63,687,204
Investments	<u>2,693,326,419</u>
Total Cash and Investments	\$2,757,020,403

Based on our review, we are not aware of any material modifications that should be made to the Statement of Cash and Investments as of December 31, 2004, in order for it to be in conformity with generally accepted accounting principles.

Respectfully submitted,


Ed Harrington
Controller



CITY AND COUNTY OF SAN FRANCISCO

**OFFICE OF THE CONTROLLER
FINANCIAL AUDITS DIVISION**

**Ed Harrington
Controller**

**Monique Zmuda
Deputy Controller**

ACCOUNTANT'S REVIEW REPORT

We have reviewed the accompanying Statement of Cash and Investments as of December 31, 2004, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in the Statement of Cash and Investments is the representation of management of the Office of the Treasurer and Tax Collector (Treasurer) of the City and County of San Francisco.

A review consists principally of inquiries of department personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the Statement of Cash and Investments. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the Statement of Cash and Investments in order for it to be in conformity with generally accepted accounting principles.

CONTROLLER'S FINANCIAL AUDITS DIVISION

**Noriaki Hirasuna, CPA
Director**

Date: March 24, 2005

Staff: Elisa Sullivan, Audit Manager
Leon Valle, Jr.

STATEMENT OF CASH AND INVESTMENTS
December 31, 2004

<u>Account Title</u>	<u>Total</u>
Cash	
Cash on Hand	\$ 6,780
Cash in Bank	63,687,204
Total Cash	<u>\$ 63,693,984</u>
Investments	
Commercial Paper Discounts	\$ 576,550,353
Federal Home Loan Bank Discount Notes	313,262,293
Federal Home Loan Mortgage Corporation Discount Notes	353,585,128
Federal National Mortgage Association Discount Notes	371,185,619
Negotiable Certificates of Deposit	445,949,276
Public Time Deposit	100,000
Treasury Bills	560,761,250
Treasury Notes	71,932,500
Total Investments	<u>\$ 2,693,326,419</u>
Total Cash and Investments	<u>\$ 2,757,020,403</u>

See Accountant's Review Report

NOTES TO THE STATEMENT OF CASH AND INVESTMENTS

NOTE 1.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Financial Reporting Entity

The Statement of Cash and Investments presents only the cash on hand, cash in bank, and investments under the control and accountability of the Office of the Treasurer and Tax Collector (Treasurer) of the City and County of San Francisco (City). The Statement of Cash and Investments is not intended to present fairly the financial position and results of operations of the Treasurer or of the City.

The Treasurer is responsible for the custody and investment of the public funds of the City. The Treasurer is authorized to conduct these functions by the California Government Code Section 53600 et seq. and the San Francisco Administrative Code, Section 10, under investment policies established by the Treasurer and filed with the City's Board of Supervisors. The funds are mainly invested in low risk investments such as United States government securities. The Treasurer also provides a safekeeping service for the City, where city departments may deposit securities and other assets in the Treasurer's vault.

B. Basis of Presentation

Cash and Deposits

The California Government Code requires California banks and savings and loan associations to secure the City's deposits not covered by federal deposit insurance by pledging government securities as collateral. The market value of pledged securities must equal at least 110 percent of the City's deposits. The collateral must be held at the pledging bank's trust department or another bank, acting as the pledging bank's agent, in the City's name. All of the banks with funds deposited by the Treasurer secure deposits with sufficient collateral.

Investments

The Treasurer makes investments in securities for a pooled money investment account with financial institutions and for individual investment accounts that are not invested through the pooled money investment account. The securities in the accompanying Statement of Cash and Investments are reported at fair value in accordance with the Government Accounting Standards Board Statement No. 31, *Accounting and Financial Reporting for Certain*

Investments and for External Investment Pools. The statement requires government entities to report investments at fair value in the balance sheet or other statement of financial position. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following table summarizes the investments stated at cost and fair value.

**Schedule of Investments
Stated at Cost and Fair Value
December 31, 2004**

Investment Type	Cost	Fair Value (a)
Commercial Paper Discounts	\$ 574,991,022	\$ 576,550,353
Federal Home Loan Bank Discount Notes	312,971,141	313,262,293
Federal Home Loan Mortgage Corporation Discount Notes	352,237,985	353,585,128
Federal National Mortgage Association Discount Notes	369,916,676	371,185,619
Negotiable Certificates of Deposit	446,045,857	445,949,276
Public Time Deposit	100,000	100,000
Treasury Bills	558,853,442	560,761,250
Treasury Notes	70,821,914	71,932,500
Total	\$ 2,685,938,037	\$ 2,693,326,419

(a) The fair value amounts do not include accrued interest of \$1,393,314.

cc: Mayor
Board of Supervisors
Civil Grand Jury
Budget Analyst
Treasury Oversight Committee
Public Library

**OFFICE OF THE
TREASURER AND TAX
COLLECTOR:**

Statement of Cash and Investments
as of March 31, 2005

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**FINANCIAL AUDITS
DIVISION**



July 6, 2005
04035



CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ed Harrington
Controller

Monique Zmuda
Deputy Controller

July 6, 2005

Audit Number 04035

José Cisneros, Treasurer
Office of the Treasurer and Tax Collector
City Hall, Room 140
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4638

Dear Mr. Cisneros:

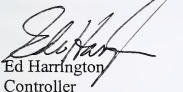
The Controller's Financial Audits Division presents its review report of the Statement of Cash and Investments of the Office of the Treasurer and Tax Collector (Treasurer) of the City and County of San Francisco (City) as of March 31, 2005. The Statement of Cash and Investments presents the total cash and investments under the control and accountability of the Treasurer of the City.

Results:

	<u>March 31, 2005</u>
Cash and Investments:	
Cash on Hand	\$ 6,780
Cash in Bank	6,629,943
Investments	<u>2,670,750,539</u>
Total Cash and Investments	<u>\$2,677,387,262</u>

Based on our review, we are not aware of any material modifications that should be made to the Statement of Cash and Investments as of March 31, 2005, in order for it to be in conformity with generally accepted accounting principles.

Respectfully submitted,


Ed Harrington
Controller



CITY AND COUNTY OF SAN FRANCISCO

**OFFICE OF THE CONTROLLER
FINANCIAL AUDITS DIVISION**

**Ed Harrington
Controller**

**Monique Zmuda
Deputy Controller**

ACCOUNTANT'S REVIEW REPORT

We have reviewed the accompanying Statement of Cash and Investments as of March 31, 2005, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in the Statement of Cash and Investments is the representation of management of the Office of the Treasurer and Tax Collector (Treasurer) of the City and County of San Francisco.

A review consists principally of inquiries of department personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the Statement of Cash and Investments. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the Statement of Cash and Investments in order for it to be in conformity with generally accepted accounting principles.

CONTROLLER'S FINANCIAL AUDITS DIVISION

**Noriaki Hirasuna, CPA
Director**

Date: July 6, 2005

**Staff: Elisa Sullivan, Audit Manager
Leon Valle, Jr.**

STATEMENT OF CASH AND INVESTMENTS
March 31, 2005

<u>Account Title</u>	<u>Total</u>
Cash	
Cash on Hand	\$ 6,780
Cash in Bank	6,629,943
Total Cash	<u>\$ 6,636,723</u>
Investments	
Commercial Paper Discounts	\$ 498,746,611
Federal Home Loan Bank Discount Notes	131,541,899
Federal Home Loan Mortgage Corporation Discount Notes	366,126,205
Federal National Mortgage Association Discount Notes	575,093,431
Negotiable Certificates of Deposit	424,984,850
Public Time Deposit	99,105
Treasury Bills	619,358,438
Treasury Notes	54,800,000
Total Investments	<u>\$ 2,670,750,539</u>
Total Cash and Investments	<u>\$ 2,677,387,262</u>

See Accountant's Review Report

NOTES TO THE STATEMENT OF CASH AND INVESTMENTS

NOTE 1.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *The Financial Reporting Entity*

The Statement of Cash and Investments presents only the cash on hand, cash in bank, and investments under the control and accountability of the Office of the Treasurer and Tax Collector (Treasurer) of the City and County of San Francisco (City). The Statement of Cash and Investments is not intended to present fairly the financial position and results of operations of the Treasurer or of the City.

The Treasurer is responsible for the custody and investment of the public funds of the City. The Treasurer is authorized to conduct these functions by the California Government Code Section 53600 et seq. and the San Francisco Administrative Code, Section 10, under investment policies established by the Treasurer and filed with the City's Board of Supervisors. The funds are mainly invested in low risk investments such as United States government securities. The Treasurer also provides a safekeeping service for the City, where city departments may deposit securities and other assets in the Treasurer's vault.

B. *Basis of Presentation*

Cash and Deposits

The California Government Code requires California banks and savings and loan associations to secure the City's deposits not covered by federal deposit insurance by pledging government securities as collateral. The market value of pledged securities must equal at least 110 percent of the City's deposits. The collateral must be held at the pledging bank's trust department or another bank, acting as the pledging bank's agent, in the City's name. All of the banks with funds deposited by the Treasurer secure deposits with sufficient collateral.

Investments

The Treasurer makes investments in securities for a pooled money investment account with financial institutions and for individual investment accounts that are not invested through the pooled money investment account. The securities in the accompanying Statement of Cash and Investments are reported at fair value in accordance with the Government Accounting Standards Board Statement No. 31, *Accounting and Financial Reporting for Certain*

Investments and for External Investment Pools. The statement requires government entities to report investments at fair value in the balance sheet or other statement of financial position. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following table summarizes the investments stated at cost and fair value.

**Schedule of Investments
Stated at Cost and Fair Value
March 31, 2005**

Investment Type	Cost	Fair Value (a)
Commercial Paper Discounts	\$ 498,173,171	\$ 498,746,611
Federal Home Loan Bank Discount Notes	131,472,311	131,541,899
Federal Home Loan Mortgage Corporation Discount Notes	365,315,689	366,126,205
Federal National Mortgage Association Discount Notes	573,578,537	575,093,431
Negotiable Certificates of Deposit	425,000,000	424,984,850
Public Time Deposit	100,000	99,105
Treasury Bills	618,043,514	619,358,438
Treasury Notes	54,547,070	54,800,000
Total	\$ 2,666,230,292	\$ 2,670,750,539

(a) The fair value amounts do not include accrued interest of \$730,688.

cc: Mayor
Board of Supervisors
Civil Grand Jury
Budget Analyst
Treasury Oversight Committee
Public Library

*Financial Division
Audit Report*

**OFFICE OF THE
TREASURER AND TAX
COLLECTOR:**

Review of the Statement
of Cash and Investments
at September 30, 2005

DOCUMENTS DEPT.

APR 18 2006

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PUBLIC LIBRARY

**FINANCIAL AUDITS
DIVISION**



*April 7, 2006
05030*



CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ed Harrington
Controller

Monique Zmuda
Deputy Controller

April 7, 2006

Audit Number 05030

José Cisneros, Treasurer
Office of the Treasurer and Tax Collector
City Hall, Room 140
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4638

Dear Mr. Cisneros:

The Controller's Financial Audits Division presents its review report of the Statement of Cash and Investments of the Office of the Treasurer and Tax Collector (Treasurer) of the City and County of San Francisco (City) at September 30, 2005. The Statement of Cash and Investments presents the total cash and investments under the control and accountability of the Treasurer of the City.

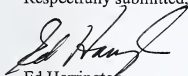
Results:

September 30, 2005

Cash and Investments:	
Cash on Hand	\$ 6,780
Cash in Bank	872,586
Investments	<u>2,967,881,071</u>
Total Cash and Investments	\$2,968,760,437

Based on our review, we are not aware of any material modifications that should be made to the Statement of Cash and Investments at September 30, 2005, in order for it to be in conformity with generally accepted accounting principles.

Respectfully submitted,


Ed Harrington
Controller



CITY AND COUNTY OF SAN FRANCISCO

**OFFICE OF THE CONTROLLER
FINANCIAL AUDITS DIVISION**

**Ed Harrington
Controller**

**Monique Zmuda
Deputy Controller**

ACCOUNTANT'S REVIEW REPORT

We have reviewed the accompanying Statement of Cash and Investments at September 30, 2005, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in the Statement of Cash and Investments is the representation of management of the Office of the Treasurer and Tax Collector (Treasurer) of the City and County of San Francisco (City).

A review consists principally of inquiries of department personnel and analytical procedures applied to financial data. It is substantially less in scope than an examination in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the Statement of Cash and Investments. Accordingly, we do not express such an opinion.

On the basis of our review, we are not aware of any material modifications that should be made to the Statement of Cash and Investments in order for it to be in conformity with generally accepted accounting principles.

However, because the City's Controller has some responsibility for the accounting of the Treasurer's cash and investments, we were not entirely free of organizational impairments to independence in conducting our work. Accounting standards require we disclose this impairment.

CONTROLLER'S FINANCIAL AUDITS DIVISION

**Noriaki Hirasuna, CPA
Director**

Date: April 7, 2006

**Staff: Elisa Sullivan, Audit Manager
Leon Valle, Jr.**

STATEMENT OF CASH AND INVESTMENTS
September 30, 2005

<u>Account Title</u>	<u>Total</u>
Cash	
Cash on Hand	\$ 6,780
Cash in Bank	872,586
Total Cash	<u>\$ 879,366</u>
Investments	
Treasury Bills	\$ 452,502,459
Treasury Notes	141,584,919
Federal National Mortgage Association Discount Notes	546,249,927
Federal Home Loan Bank Discount Notes	418,234,883
Federal Home Loan Mortgage Corporation Discount Notes	383,540,373
Commercial Paper Discounts	541,519,065
Negotiable Certificates of Deposit	474,980,928
Public Time Deposit	96,664
Subtotal Investments	<u>\$ 2,958,709,218</u>
Accrued Interest Receivable	9,171,853
Total Investments	<u>\$ 2,967,881,071</u>
Total Cash and Investments	<u>\$ 2,968,760,437</u>

See Accountant's Review Report

NOTES TO THE STATEMENT OF CASH AND INVESTMENTS

NOTE 1.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Financial Reporting Entity

The Statement of Cash and Investments presents only the cash on hand, cash in bank, and investments under the control and accountability of the Office of the Treasurer and Tax Collector (Treasurer) of the City and County of San Francisco (City). The Statement of Cash and Investments is not intended to present fairly the financial position and results of operations of the Treasurer or of the City.

The Treasurer is responsible for the custody and investment of the public funds of the City. The Treasurer is authorized to conduct these functions by the California Government Code Section 53600 et seq. and the San Francisco Administrative Code, Section 10, under investment policies established by the Treasurer and filed with the City's Board of Supervisors. The funds are mainly invested in low risk investments such as United States government securities. The Treasurer also provides a safekeeping service for the City, where city departments may deposit securities and other assets in the Treasurer's vault.

B. Basis of Presentation

Cash and Deposits

The California Government Code requires California banks and savings and loan associations to secure the City's deposits not covered by federal deposit insurance by pledging government securities as collateral. The market value of pledged securities must equal at least 110 percent of the City's deposits. The collateral must be held at the pledging bank's trust department or another bank, acting as the pledging bank's agent, in the City's name. All of the banks with funds deposited by the Treasurer secure deposits with sufficient collateral.

Investments

The Treasurer makes investments in securities for a pooled money investment account with financial institutions and for individual investment accounts that are not invested through the pooled money investment account. The securities in the accompanying Statement of Cash and Investments are reported at fair value in accordance with the Government Accounting Standards Board Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. The statement

requires government entities to report investments at fair value in the balance sheet or other statement of financial position. The following table summarizes the investments stated at cost and fair value.

**Schedule of Investments
Stated at Cost and Fair Value
September 30, 2005**

Investment Type	Cost	Fair Value (a)
Treasury Bills	\$ 452,400,852	\$ 452,502,459
Treasury Notes	141,728,903	141,584,919
Federal National Mortgage Association Discount Notes	542,971,202	546,249,927
Federal Home Loan Bank Discount Notes	418,264,373	418,234,883
Federal Home Loan Mortgage Corporation Discount Notes	383,587,286	383,540,373
Commercial Paper Discounts	541,556,076	541,519,065
Negotiable Certificates of Deposit	475,000,000	474,980,928
Public Time Deposit	100,000	96,664
Total	\$ 2,955,608,692	\$ 2,958,709,218

- (a) The fair value amounts do not include accrued interest receivable of \$9,171,853 or fixed assets accrued earnings of \$1,193,509.

cc: Mayor
Board of Supervisors
Civil Grand Jury
Budget Analyst
Treasury Oversight Committee
Public Library

**OFFICE OF THE
TREASURER AND TAX
COLLECTOR:**

Review of the Statement
of Cash and Investments
as of December 31, 2005

DOCUMENTS DEPT.

JUL 20 2006

SAN FRANCISCO
PUBLIC LIBRARY

FINANCIAL AUDITS



July 14, 2006
05063



CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ed Harrington
Controller

Monique Zmuda
Deputy Controller

July 14, 2006

Audit Number 05063

José Cisneros, Treasurer
Office of the Treasurer and Tax Collector
City Hall, Room 140
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4638

Dear Mr. Cisneros:

The Office of the Controller's City Services Auditor Division presents its review report of the Statement of Cash and Investments of the Office of the Treasurer and Tax Collector (Treasurer) of the City and County of San Francisco (City) as of December 31, 2005. The Statement of Cash and Investments presents the total cash and investments under the control and accountability of the Treasurer of the City.

Results:

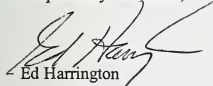
December 31, 2005

Cash and Investments:

Cash on Hand	\$ 6,780
Cash in Bank	159,900,652
Investments	<u>3,305,953,045</u>
Total Cash and Investments	\$3,465,860,477

Based on our review, we are not aware of any material modifications that should be made to the Statement of Cash and Investments as of December 31, 2005, in order for it to be in conformity with generally accepted accounting principles.

Respectfully submitted,


Ed Harrington
Controller



CITY AND COUNTY OF SAN FRANCISCO

**OFFICE OF THE CONTROLLER
CITY SERVICES AUDITOR**

**Ed Harrington
Controller**

**Monique Zmuda
Deputy Controller**

ACCOUNTANT'S REVIEW REPORT

President and Members of the Board of Supervisors
City and County of San Francisco
San Francisco, California

We have reviewed the accompanying Statement of Cash and Investments as of December 31, 2005, in accordance with the Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in the Statement of Cash and Investments is the representation of management of the Office of the Treasurer and Tax Collector (Treasurer) of the City and County of San Francisco (City).

A review consists principally of inquiries of department personnel and analytical procedures applied to financial data. It is substantially less in scope than an examination in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the Statement of Cash and Investments. Accordingly, we do not express such an opinion.

On the basis of our review, we are not aware of any material modifications that should be made to the Statement of Cash and Investments in order for it to be in conformity with generally accepted accounting principles.

However, because the City's controller has some responsibility for the accounting of the Treasurer's cash and investments, we were not entirely free of organizational impairments to independence in conducting our work. Accounting standards require we disclose this impairment.

CONTROLLER'S CITY SERVICES AUDITOR DIVISION

Noriaki Hirasuna, CPA
Director of Financial Audits

Date: July 14, 2006

Staff: Cynthia Fong, Audit Manager
Nneka Gallaread

FINANCIAL AUDITS

STATEMENT OF CASH AND INVESTMENTS
December 31, 2005

<u>Account Title</u>	<u>Total</u>
Cash	
Cash on Hand	\$ 6,780
Cash in Bank	159,900,652
Total Cash	<u>\$ 159,907,432</u>
Investments	
U.S. Treasury Bills	\$ 137,534,795
U.S. Treasury Notes	294,635,428
Federal National Mortgage Association Discount Notes	639,396,811
Federal Home Loan Discount Notes	522,607,511
Federal Home Loan Mortgage Corporation Discount Notes	596,487,659
Commercial Paper Discounts	776,524,305
Negotiable Certificates of Deposit	324,985,479
Public Time Deposit	193,543
Subtotal Investments	<u>\$ 3,292,365,531</u>
Accrued Interest Receivable	13,587,514
Total Investments	<u>\$ 3,305,953,045</u>
Total Cash and Investments	<u>\$ 3,465,860,477</u>

See Accountant's Review Report

NOTE TO THE STATEMENT OF CASH AND INVESTMENTS

NOTE 1.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Financial Reporting Entity

The Statement of Cash and Investments presents only the cash on hand, cash in bank, and investments under the control and accountability of the Office of the Treasurer and Tax Collector (Treasurer) of the City and County of San Francisco (City). The Statement of Cash and Investments is not intended to present fairly the financial position and results of operations of the Treasurer or of the City.

The Treasurer is responsible for the custody and investment of the public funds of the City. The Treasurer is authorized to conduct these functions by the California Government Code Section 53600 et seq. and the San Francisco Administrative Code, Chapter 10, under investment policies established by the Treasurer and filed with the City's Board of Supervisors. The funds are mainly invested in low risk investments such as United States government securities. The Treasurer also provides a safekeeping service for the City, where city departments may deposit securities and other assets in the Treasurer's vault.

B. Basis of Presentation

Cash and Deposits

The California Government Code requires California banks and savings and loan associations to secure the City's deposits not covered by federal deposit insurance by pledging government securities as collateral. The market value of pledged securities must equal at least 110 percent of the City's deposits. The collateral must be held at the pledging bank's trust department or another bank, acting as the pledging bank's agent, in the City's name. All of the banks with funds deposited by the Treasurer secure deposits with sufficient collateral.

Investments

The Treasurer makes investments in securities for a pooled money investment account with financial institutions and for individual investment accounts that are not invested through the pooled money investment account. The securities in the accompanying Statement of Cash and Investments are reported at fair value in accordance with the Government Accounting Standards Board Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. The statement

requires government entities to report investments at fair value in the balance sheet or other statement of financial position. The following table summarizes the investments stated at cost and fair value.

**Schedule of Investments
Stated at Cost and Fair Value
December 31, 2005**

Investment Type	Cost	Fair Value (a)
U.S. Treasury Bills	\$ 137,461,831	\$ 137,534,795
U.S. Treasury Notes	294,236,834	294,635,428
Federal National Mortgage Association Discount Notes	636,070,828	639,396,811
Federal Home Loan Discount Notes	522,648,167	522,607,511
Federal Home Loan Mortgage Corporation Discount Notes	596,535,186	596,487,659
Commercial Paper Discounts	776,559,286	776,524,305
Negotiable Certificates of Deposit	325,000,000	324,985,479
Public Time Deposit	200,000	193,543
Total	\$ 3,288,712,132	\$ 3,292,365,531

(a) The fair value amounts do not include accrued interest receivable of \$13,587,514.

cc: Mayor
Treasury Oversight Committee
Civil Grand Jury
Budget Analyst
Public Library

*= Auditor's Description
= Auditor's Report*

**OFFICE OF THE
TREASURER AND TAX
COLLECTOR:**

Review of the Statement
of Cash and Investments
as of March 31, 2006

DOCUMENTS DEPT

SEP 29 2006

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PUBLIC LIBRARY

FINANCIAL AUDITS



September 29, 2006
05074



CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ed Harrington
Controller

Monique Zmuda
Deputy Controller

September 29, 2006

Audit Number 05074

José Cisneros, Treasurer
Office of the Treasurer and Tax Collector
City Hall, Room 140
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4638

Dear Mr. Cisneros:

The Office of the Controller's City Services Auditor Division presents its review report of the Statement of Cash and Investments of the Office of the Treasurer and Tax Collector (Treasurer) of the City and County of San Francisco (City) as of March 31, 2006. The Statement of Cash and Investments presents the total cash and investments under the control and accountability of the Treasurer of the City.

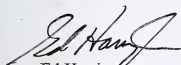
Results:

	<u>March 31, 2006</u>
Cash and Investments:	
Cash on Hand	\$ 6,780
Cash in Bank	(19,441,986)
Investments	<u>3,712,751,011</u>
Total Cash and Investments	\$3,693,315,805

Cash in bank resources were temporarily over-expended, resulting in a negative position. State revenue payments were received late and vendor check payments were more than the average daily disbursements. When such over-expenditure occurs, cash from other funds are used to cover the deficit. On April 4, 2006, one business day later, cash in bank had a positive \$13,096,555 balance.

Based on our review, we are not aware of any material modifications that should be made to the Statement of Cash and Investments as of March 31, 2006, in order for it to be in conformity with generally accepted accounting principles.

Respectfully submitted,


Ed Harrington
Controller



CITY AND COUNTY OF SAN FRANCISCO

OFFICE OF THE CONTROLLER
CITY SERVICES AUDITOR

Ed Harrington
Controller

Monique Zmuda
Deputy Controller

ACCOUNTANT'S REVIEW REPORT

President and Members of the Board of Supervisors
City and County of San Francisco
San Francisco, California

We have reviewed the accompanying Statement of Cash and Investments at March 31, 2006, in accordance with the Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in the Statement of Cash and Investments is the representation of management of the Office of the Treasurer and Tax Collector (Treasurer) of the City and County of San Francisco (City).

A review consists principally of inquiries of department personnel and analytical procedures applied to financial data. It is substantially less in scope than an examination in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the Statement of Cash and Investments. Accordingly, we do not express such an opinion.

On the basis of our review, we are not aware of any material modifications that should be made to the Statement of Cash and Investments in order for it to be in conformity with generally accepted accounting principles.

However, because the City's Controller has some responsibility for the accounting of the Treasurer's cash and investments, we were not entirely free of organizational impairments to independence in conducting our work. Accounting standards require we disclose this impairment. In our opinion, the impairment does not affect our ability to conduct an independent review.

CONTROLLER'S CITY SERVICES AUDITOR DIVISION

Noriaki Hirasuna, CPA
Director of Financial Audits

Date: September 29, 2006

Staff: Cynthia Fong, Audit Manager
Nneka Gallaread

FINANCIAL AUDITS

STATEMENT OF CASH AND INVESTMENTS

March 31, 2006

<u>Account Title</u>	<u>Total</u>
Cash	
Cash on Hand	\$ 6,780
Cash in Bank	(19,441,986) ^a
Total Cash	<u>\$ (19,435,206)</u>
Investments	
U.S. Treasury Bills	\$ 196,198,573
U.S. Treasury Notes	1,136,341,423
Federal National Mortgage Association Discount Notes	537,168,614
Federal Home Loan Discount Notes	313,111,124
Federal Home Loan Mortgage Corporation Discount Notes	458,768,081
Commercial Paper Discounts	496,240,896
Negotiable Certificates of Deposit	559,964,238
Public Time Deposit	195,509
Subtotal Investments	<u>\$ 3,697,988,458</u>
Accrued Interest Receivable	14,762,553
Total Investments	<u>\$ 3,712,751,011</u>
Total Cash and Investments	<u>\$ 3,693,315,805</u>

See Accountant's Review Report

^a Cash in bank resources were temporarily over-expended, resulting in a negative position. State revenue payments were received late and vendor check payments were more than the average daily disbursements. When such over-expenditure occurs, cash from other funds are used to cover the deficit. On April 4, 2006, one business day later, cash in bank had a positive \$13,096,555 balance.

NOTES TO THE STATEMENT OF CASH AND INVESTMENTS

NOTE 1.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *The Financial Reporting Entity*

The Statement of Cash and Investments presents only the cash on hand, cash in bank, and investments under the control and accountability of the Office of the Treasurer and Tax Collector (Treasurer) of the City and County of San Francisco (City). The Statement of Cash and Investments is not intended to present fairly the financial position and results of operations of the Treasurer or of the City.

The Treasurer is responsible for the custody and investment of the public funds of the City. The Treasurer is authorized to conduct these functions by the California Government Code Section 53600 et seq. and the San Francisco Administrative Code, Chapter 10, under investment policies established by the Treasurer and filed with the City's Board of Supervisors. The funds are mainly invested in low risk investments such as United States government securities. The Treasurer also provides a safekeeping service for the City, where city departments may deposit securities and other assets in the Treasurer's vault.

B. *Basis of Presentation*

Cash and Deposits

The California Government Code requires California banks and savings and loan associations to secure the City's deposits not covered by federal deposit insurance by pledging government securities as collateral. The market value of pledged securities must equal at least 110 percent of the City's deposits. The collateral must be held at the pledging bank's trust department or another bank, acting as the pledging bank's agent, in the City's name. All of the banks with funds deposited by the Treasurer secure deposits with sufficient collateral.

Investments

The Treasurer makes investments in securities for a pooled money investment account with financial institutions and for individual investment accounts that are not invested through the pooled money investment account. The securities in the accompanying Statement of Cash and Investments are reported at fair value in accordance with the Government Accounting Standards Board Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. The statement

requires government entities to report investments at fair value in the balance sheet or other statement of financial position. The following table summarizes the investments stated at cost and fair value.

**Schedule of Investments
Stated at Cost and Fair Value
March 31, 2006**

Investment Type	Cost	Fair Value (*)
U.S. Treasury Bills	\$ 196,205,469	\$ 196,198,573
U.S. Treasury Notes	1,135,426,147	1,136,341,423
Federal National Mortgage Association Discount Notes	537,091,214	537,168,614
Federal Home Loan Discount Notes	313,148,775	313,111,124
Federal Home Loan Mortgage Corporation Discount Notes	458,822,711	458,768,081
Commercial Paper Discounts	496,271,618	496,240,896
Negotiable Certificates of Deposit	560,000,000	559,964,238
Public Time Deposit	200,000	195,509
Total	\$ 3,697,165,934	\$ 3,697,988,458

(*) The fair value amounts do not include accrued interest receivable of \$14,762,553.

cc: Mayor
Treasury Oversight Committee
Civil Grand Jury
Budget Analyst
Public Library

Handwritten:
= Available Budget
= Available Budget

**OFFICE OF THE
TREASURER AND TAX
COLLECTOR:**

Review of the Statement
of Cash and Investments
as of September 30, 2006

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FINANCIAL AUDITS



January 8, 2007 ✓



CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ed Harrington
Controller

Monique Zmuda
Deputy Controller

January 8, 2007

José Cisneros, Treasurer
Office of the Treasurer and Tax Collector
City Hall, Room 140
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4638

Dear Mr. Cisneros:

The Office of the Controller presents its review report of the Statement of Cash and Investments of the Office of the Treasurer and Tax Collector (Treasurer) of the City and County of San Francisco (City) as of September 30, 2006. The Statement of Cash and Investments presents the total cash and investments under the control and accountability of the Treasurer of the City.

Results:

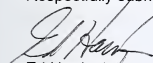
September 30, 2006

Cash and Investments:

Cash on Hand	\$ 6,780
Cash in Bank	25,806,520
Investments	<u>3,422,007,181</u>
Total Cash and Investments	\$3,447,820,481

Based on our review, we are not aware of any material modifications that should be made to the Statement of Cash and Investments as of September 30, 2006, in order for it to be in conformity with generally accepted accounting principles.

Respectfully submitted,


Ed Harrington
Controller



CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER
CITY SERVICES AUDITOR

Ed Harrington
Controller
Monique Zmuda
Deputy Controller

ACCOUNTANT'S REVIEW REPORT

President and Members of the Board of Supervisors
City and County of San Francisco
San Francisco, California

We have reviewed the accompanying Statement of Cash and Investments at September 30, 2006, in accordance with the Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in the Statement of Cash and Investments is the representation of management of the Office of the Treasurer and Tax Collector (Treasurer) of the City and County of San Francisco (City).

A review consists principally of inquiries of department personnel and analytical procedures applied to financial data. It is substantially less in scope than an examination in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the Statement of Cash and Investments. Accordingly, we do not express such an opinion.

On the basis of our review, we are not aware of any material modifications that should be made to the Statement of Cash and Investments in order for it to be in conformity with generally accepted accounting principles.

However, the City's Controller has some responsibility for the accounting of the Treasurer's cash and investments. We are disclosing this relationship because the Controller's role may be perceived as a potential impairment to our independence. Auditing standards require that we disclose this impairment. In our opinion, the impairment does not affect our ability to conduct an independent review.

CONTROLLER'S CITY SERVICES AUDITOR DIVISION

Noriaki Hirasuna, CPA
Director of Financial Audits

Date: January 8, 2007

Staff: Elisa Sullivan, Audit Manager
Vivian Chu

STATEMENT OF CASH AND INVESTMENTS
September 30, 2006

<u>Account Title</u>	<u>Total</u>
Cash	
Cash on Hand	\$ 6,780
Cash in Bank	25,806,520
Total Cash	<u>25,813,300</u>
Investments	
U.S. Treasury Bills	253,473,286
U.S. Treasury Notes	866,731,250
Federal National Mortgage Association Discount Notes	324,185,902
Federal Home Loan Discount Notes	296,487,831
Federal Home Loan Mortgage Corporation Discount Notes	362,120,030
Commercial Paper Discounts	630,271,957
Negotiable Certificates of Deposit	660,024,883
Public Time Deposits	9,782,236
Subtotal Investments	<u>3,403,077,375</u>
Accrued Interest Receivable	18,929,806
Total Investments	<u>3,422,007,181</u>
Total Cash and Investments	<u>\$ 3,447,820,481</u>

See Accountant's Review Report

NOTE TO THE STATEMENT OF CASH AND INVESTMENTS

NOTE 1.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *The Financial Reporting Entity*

The Statement of Cash and Investments presents only the cash on hand, cash in bank, and investments under the control and accountability of the Office of the Treasurer and Tax Collector (Treasurer) of the City and County of San Francisco (City). The Statement of Cash and Investments is not intended to present fairly the financial position and results of operations of the Treasurer or of the City.

The Treasurer is responsible for the custody and investment of the public funds of the City. The Treasurer is authorized to conduct these functions by the California Government Code Section 53600 et seq. and the San Francisco Administrative Code, Chapter 10, under investment policies established by the Treasurer and filed with the City's Board of Supervisors. The funds are mainly invested in low risk investments such as United States government securities. The Treasurer also provides a safekeeping service for the City, where city departments may deposit securities and other assets in the Treasurer's vault.

B. *Basis of Presentation*

Cash and Deposits

The California Government Code requires California banks and savings and loan associations to secure the City's deposits not covered by federal deposit insurance by pledging government securities as collateral. The market value of pledged securities must equal at least 110 percent of the City's deposits. The collateral must be held at the pledging bank's trust department or another bank, acting as the pledging bank's agent, in the City's name. All of the banks with funds deposited by the Treasurer secure deposits with sufficient collateral.

Investments

The Treasurer makes investments in securities for a pooled money investment account with financial institutions and for individual investment accounts that are not invested through the pooled money investment account. The securities in the accompanying Statement of Cash and Investments are reported at fair value in accordance with the Government Accounting Standards Board Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. The statement requires government entities to report investments at fair value in the balance sheet or other statement of financial position. The following table summarizes the investments stated at cost and fair value.

NOTE TO THE STATEMENT OF CASH AND INVESTMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Schedule of Investments Stated at Cost and Fair Value September 30, 2006

Investment Type	Cost	Fair Value (*)
U.S. Treasury Bills	\$ 253,305,650	\$ 253,473,286
U.S. Treasury Notes	863,495,232	866,731,250
Federal National Mortgage Association Discount Notes	324,137,139	324,185,902
Federal Home Loan Discount Notes	296,468,798	296,487,831
Federal Home Loan Mortgage Corporation Discount Notes	362,076,342	362,120,030
Commercial Paper Discounts	630,277,481	630,271,957
Negotiable Certificates of Deposit	660,000,000	660,024,883
Public Time Deposits	10,200,000	9,782,236
Total	\$ 3,399,960,642	\$ 3,403,077,375

(*) The fair value amounts do not include accrued interest receivable of \$12,015,612, or fixed income accrued earnings of \$6,914,194.

cc: Mayor
Treasury Oversight Committee
Civil Grand Jury
Budget Analyst
Public Library

**OFFICE OF THE
TREASURER AND TAX
COLLECTOR:**

Review of the Statement
of Cash and Investments
as of December 31, 2006

DOCUMENTS DEPT.

APR - 4 2007

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FINANCIAL AUDITS



March 30, 2007



CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ed Harrington
Controller

Monique Zmuda
Deputy Controller

March 30, 2007

José Cisneros, Treasurer
Office of the Treasurer and Tax Collector
City Hall, Room 140
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4638

Dear Mr. Cisneros:

The Office of the Controller presents its review report of the Statement of Cash and Investments of the Office of the Treasurer and Tax Collector (Treasurer) of the City and County of San Francisco (City) as of December 31, 2006. The Statement of Cash and Investments presents the total cash and investments under the control and accountability of the Treasurer of the City.

Results:

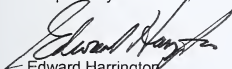
December 31, 2006

Cash and Investments:	
Cash on Hand	\$ 6,780
Cash in Bank *	281,890,857
Investments	<u>3,568,286,455</u>
Total Cash and Investments	\$3,850,184,092

*Cash in Bank includes \$246,531,250 of investments matured on Sunday, December 31, 2006. However, the City's bank did not receive the money until the next business day.

Based on our review, we are not aware of any material modifications that should be made to the Statement of Cash and Investments as of December 31, 2006, in order for it to be in conformity with generally accepted accounting principles.

Respectfully submitted,


Edward Harrington
Controller



CITY AND COUNTY OF SAN FRANCISCO

**OFFICE OF THE CONTROLLER
CITY SERVICES AUDITOR**

**Ed Harrington
Controller**

**Monique Zmuda
Deputy Controller**

ACCOUNTANT'S REVIEW REPORT

President and Members of the Board of Supervisors
City and County of San Francisco
San Francisco, California

We have reviewed the accompanying Statement of Cash and Investments as of December 31, 2006, in accordance with the Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in the Statement of Cash and Investments is the representation of management of the Office of the Treasurer and Tax Collector (Treasurer) of the City and County of San Francisco (City).

A review consists principally of inquiries of department personnel and analytical procedures applied to financial data. It is substantially less in scope than an examination in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the Statement of Cash and Investments. Accordingly, we do not express such an opinion.

On the basis of our review, we are not aware of any material modifications that should be made to the Statement of Cash and Investments in order for it to be in conformity with generally accepted accounting principles.

However, the City's Controller has some responsibility for the accounting of the Treasurer's cash and investments. We are disclosing this relationship because the Controller's role may be perceived as a potential impairment to our independence. Auditing standards require we disclose this impairment. In our opinion, the impairment does not affect our ability to conduct an independent review.

CONTROLLER'S CITY SERVICES AUDITOR DIVISION

Noriaki Hirasuna, CPA
Director of Financial Audits

Date: March 30, 2007

Staff: Elisa Sullivan, Audit Manager
Nneka Gallaread

FINANCIAL AUDITS

STATEMENT OF CASH AND INVESTMENTS
December 31, 2006

<u>Account Title</u>	<u>Total</u>
Cash	
Cash on Hand	\$ 6,780
Cash in Bank (see Footnote 2)	281,890,857
Total Cash	<u>281,897,637</u>
Investments	
U.S. Treasury Bills	151,543,209
U.S. Treasury Notes	706,706,590
Federal National Mortgage Association Discount Notes	565,696,585
Federal Home Loan Discount Notes	146,152,246
Federal Home Loan Mortgage Corporation Discount Notes	614,408,431
Commercial Paper Discounts	910,216,430
Negotiable Certificates of Deposit	424,960,062
Public Time Deposits	9,915,513
Subtotal Investments	<u>3,529,599,066</u>
Accrued Interest Receivable	38,687,389
Total Investments	<u>3,568,286,455</u>
Total Cash and Investments	<u>\$3,850,184,092</u>

See Accountant's Review Report

NOTE TO THE STATEMENT OF CASH AND INVESTMENTS

NOTE 1.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1A. The Financial Reporting Entity

The Statement of Cash and Investments presents only the cash on hand, cash in bank, and investments under the control and accountability of the Office of the Treasurer and Tax Collector (Treasurer) of the City and County of San Francisco (City). The Statement of Cash and Investments is not intended to present fairly the financial position and results of operations of the Treasurer or of the City.

The Treasurer is responsible for the custody and investment of the public funds of the City. The Treasurer is authorized to conduct these functions by the California Government Code Section 53600 et seq. and the San Francisco Administrative Code, Chapter 10, under investment policies established by the Treasurer and filed with the City's Board of Supervisors. The funds are mainly invested in low risk investments such as United States government securities. The Treasurer also provides a safekeeping service for the City, where city departments may deposit securities and other assets in the Treasurer's vault.

1B. Basis of Presentation

Cash and Deposits

The California Government Code requires California banks and savings and loan associations to secure the City's deposits not covered by federal deposit insurance by pledging government securities as collateral. The market value of pledged securities must equal at least 110 percent of the City's deposits. The collateral must be held at the pledging bank's trust department or another bank, acting as the pledging bank's agent, in the City's name. All of the banks with funds deposited by the Treasurer secure deposits with sufficient collateral.

Investments

The Treasurer makes investments in securities for a pooled money investment account with financial institutions and for individual investment accounts that are not invested through the pooled money investment account. The securities in the accompanying Statement of Cash and Investments are reported at fair value in accordance with the Government Accounting Standards Board Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. The statement requires government entities to report investments at fair value in the balance sheet or other statement of financial position. The following table summarizes the investments stated at cost and fair value.

**Schedule of Investments
Stated at Cost and Fair Value
December 31, 2006**

Investment Type	Cost	Fair Value (*)
U.S. Treasury Bills	\$ 151,452,001	\$ 151,543,209
U.S. Treasury Notes	706,671,353	706,706,590
Federal National Mortgage Association Discount Notes	565,683,072	565,696,585
Federal Home Loan Discount Notes	146,155,650	146,152,246
Federal Home Loan Mortgage Corporation Discount Notes	614,597,921	614,408,431
Commercial Paper Discounts	910,322,121	910,216,430
Negotiable Certificates of Deposit	425,000,000	424,960,062
Public Time Deposits	10,200,000	9,915,513
Total	\$ 3,530,082,118	\$ 3,529,599,066

(*) The fair value amounts do not include accrued interest receivable of \$26,393,305, or fixed income accrued earnings of \$12,294,084.

2. Deposits

Cash in Bank

Cash in Bank includes \$246,531,250 of investments matured on Sunday, December 31, 2006. However, the City's bank did not receive the money until the next business day.

cc: Mayor
Board of Supervisors
Treasury Oversight Committee
Civil Grand Jury
Budget Analyst
Public Library

CITY AND COUNTY OF SAN FRANCISCO - CONTROLLER'S OFFICE

We want your feedback!

Please use the following web link – or fill out, detach and mail the attached card to let us know your thoughts on this report.

Option 1: Web

<http://co.sfgov.org/controller/feedback/?id=594>

The feedback link is listed with the report.

Option 2: Mail

Just fill in the card below, fold this in half and mail!

Option 3: Phone

Call the Controller's Office at 415-554-7500 and we will take your feedback over the phone.

Thank you for your feedback!

Fold along the dotted line and mail!

Controller's Office Report Feedback

Report: Office of the Treasurer and Tax Collector: Review of Statement of Cash and Investments as of December 31, 2006.

I am a:

- ☐ San Francisco Resident
☐ Media Reporter
☐ City of San Francisco Employee

- ☐ Resident of Another City: _____
☐ Other: _____

How do you rate this report?

	Very Good	Good	Neutral	Poor	Very Poor
Significance of topic	☐	☐	☐	☐	☐
Clear & concise	☐	☐	☐	☐	☐
Objective & fair	☐	☐	☐	☐	☐
Useful	☐	☐	☐	☐	☐
Overall Report Quality	☐	☐	☐	☐	☐

Comments:

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City and County of San Francisco

Office of the Controller – City Services Auditor

OFFICE OF THE TREASURER AND TAX COLLECTOR:

**Review of the Statement of
Cash and Investments as of
March 31, 2007**

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FEB - 6 2008

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February 1, 2008

**CONTROLLER'S OFFICE
CITY SERVICES AUDITOR**

The City Services Auditor was created within the Controller's Office through an amendment to the City Charter that was approved by voters in November 2003. Under Appendix F to the City Charter, the City Services Auditor has broad authority for:

- Reporting on the level and effectiveness of San Francisco's public services and benchmarking the city to other public agencies and jurisdictions.
- Conducting financial and performance audits of city departments, contractors, and functions to assess efficiency and effectiveness of processes and services.
- Operating a whistleblower hotline and website and investigating reports of waste, fraud, and abuse of city resources.
- Ensuring the financial integrity and improving the overall performance and efficiency of city government.

The audits unit conducts financial audits, attestation engagements, and performance audits.

Financial audits address the financial integrity of both city departments and contractors and provide reasonable assurance about whether financial statements are presented fairly in all material aspects in conformity with generally accepted accounting principles. Attestation engagements examine, review, or perform procedures on a broad range of subjects such as internal controls; compliance with requirements of specified laws, regulations, rules, contracts, or grants; and the reliability of performance measures. Performance audits focus primarily on assessment of city services and processes, providing recommendations to improve department operations.

We conduct our audits in accordance with the Government Auditing Standards published by the U.S. Government Accountability Office (GAO). These standards require:

- Independence of audit staff and the audit organization.
- Objectivity of the auditors performing the work.
- Competent staff, including continuing professional education.
- Quality control procedures to provide reasonable assurance of compliance with the auditing standards.

Audit Team: Elisa Sullivan, Audit Manager
Vivian Chu, Associate Auditor



CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ed Harrington
Controller

Monique Zmuda
Deputy Controller

February 1, 2008

José Cisneros, Treasurer
Office of the Treasurer and Tax Collector
City Hall, Room 140
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4638

Dear Mr. Cisneros:

The Office of the Controller presents its review report of the Statement of Cash and Investments of the Office of the Treasurer and Tax Collector (Treasurer) of the City and County of San Francisco (City) as of March 31, 2007. The Statement of Cash and Investments presents the total cash and investments under the control and accountability of the Treasurer of the City.

Results:

	<u>March 31, 2007</u>
Cash and Investments:	
Cash on Hand	\$ 6,780
Cash in Bank	10,182,627
Investments	<u>3,754,698,107</u>
Total Cash and Investments	\$3,764,887,514

Based on our review, we are not aware of any material modifications that should be made to the Statement of Cash and Investments as of March 31, 2007, in order for it to be in conformity with generally accepted accounting principles.

Respectfully submitted,

Ed Harrington, CPA
Controller

cc: Mayor
Board of Supervisors
Treasury Oversight Committee
Civil Grand Jury
Budget Analyst
Public Library



CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ed Harrington
Controller

Monique Zmuda
Deputy Controller

REVIEW REPORT

President and Members of the Board of Supervisors
City and County of San Francisco
San Francisco, California

We have reviewed the accompanying Statement of Cash and Investments as of March 31, 2007, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in the Statement of Cash and Investments is the representation of management of the Office of the Treasurer and Tax Collector (Treasurer) of the City and County of San Francisco (City).

A review consists principally of inquiries of department personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the Statement of Cash and Investments. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the Statement of Cash and Investments in order for it to be in conformity with generally accepted accounting principles.

Government Auditing Standards require auditors and audit organizations to maintain independence, both in fact and in appearance, so that opinions, conclusions, judgments, and recommendations will be impartial and be viewed as impartial by knowledgeable third parties. The Controller's Office, City Services Auditor Division (CSA), is not organizationally independent in performing the review because the Controller is the City Services Auditor for the City and County of San Francisco, and as such, is responsible for carrying out the functions of auditing, accounting, and financial reporting. These functions are separate and discrete tasks independently performed by personnel within their respective divisions, but they ultimately report to the Controller who is the organizational head of the agency. Further, the Controller is also a member and chair of the Treasury Oversight Committee, an advisory body to the Treasurer, which was established to involve depositors of funds into the Treasury in reviewing the policies for investment of surplus funds. The effect of the independence impairments created through these structures is reduced because the audit team that conducted this review is not responsible for the input or reconciliation of any financial transactions and is not a member of the Treasury Oversight Committee.

Nevertheless, the reader of this report is advised to consider the above disclosure as a qualification of scope that may have an effect on this report.

CONTROLLER'S CITY SERVICES AUDITOR DIVISION

Ed Harrington, CPA
Controller

STATEMENT OF CASH AND INVESTMENTS
March 31, 2007

<u>Account Title</u>	<u>Total</u>
Cash	
Cash on Hand	\$ 6,780
Cash in Bank	10,182,627
Total Cash	<u>10,189,407</u>
Investments	
U.S. Treasury Bills	200,151,275
U.S. Treasury Notes	528,128,125
Federal National Mortgage Association Discount Notes	660,449,666
Federal Home Loan Discount Notes	311,473,378
Federal Home Loan Mortgage Corporation Discount Notes	848,793,399
Commercial Paper Discounts	719,268,092
Negotiable Certificates of Deposit	414,945,279
Public Time Deposits	33,993,175
Subtotal Investments	<u>3,717,202,389</u>
Accrued Interest Receivable	37,495,718
Total Investments	<u>3,754,698,107</u>
 Total Cash and Investments	 <u>\$ 3,764,887,514</u>

See Review Report

NOTE TO THE STATEMENT OF CASH AND INVESTMENTS

NOTE 1.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1A. The Financial Reporting Entity

The Statement of Cash and Investments presents only the cash on hand, cash in bank, and investments under the control and accountability of the Office of the Treasurer and Tax Collector (Treasurer) of the City and County of San Francisco (City). The Statement of Cash and Investments is not intended to present fairly the financial position and results of operations of the Treasurer or of the City.

The Treasurer is responsible for the custody and investment of the public funds of the City. The Treasurer is authorized to conduct these functions by the California Government Code Section 53600 et seq., and the San Francisco Administrative Code, Chapter 10, under investment policies established by the Treasurer and filed with the City's Board of Supervisors. The funds are mainly invested in low risk investments such as United States government securities. The Treasurer also provides a safekeeping service for the City, where city departments may deposit securities and other assets in the Treasurer's vault.

1B. Basis of Presentation

Cash and Deposits

The California Government Code requires California banks and savings and loan associations to secure the City's deposits not covered by federal deposit insurance by pledging government securities as collateral. The market value of pledged securities must equal at least 110 percent of the City's deposits. The collateral must be held at the pledging bank's trust department or another bank, acting as the pledging bank's agent, in the City's name. All of the banks with funds deposited by the Treasurer secure deposits with sufficient collateral.

Investments

The Treasurer makes investments in securities for a pooled money investment account with financial institutions and for individual investment accounts that are not invested through the pooled money investment account. The securities in the accompanying Statement of Cash and Investments are reported at fair value in accordance with the Government Accounting Standards Board Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. The statement requires government entities to report investments at fair value in the balance sheet or other statement of financial position. The following table summarizes the investments stated at cost and fair value.

**Schedule of Investments
Stated at Cost and Fair Value
March 31, 2007**

Investment Type	Cost	Fair Value (*)
U.S. Treasury Bills	\$ 200,077,246	\$ 200,151,275
U.S. Treasury Notes	527,505,388	528,128,125
Federal National Mortgage Association Discount Notes	660,427,104	660,449,666
Federal Home Loan Discount Notes	311,477,977	311,473,378
Federal Home Loan Mortgage Corporation Discount Notes	848,827,393	848,793,399
Commercial Paper Discounts	719,395,677	719,268,092
Negotiable Certificates of Deposit	415,000,000	414,945,279
Public Time Deposits	35,200,000	33,993,175
Total	\$3,717,910,785	\$ 3,717,202,389

(*) The fair value amounts do not include accrued interest receivable of \$32,255,502, or fixed income accrued earnings of \$5,240,216.



February 1, 2008

José Cisneros, Treasurer
Office of the Treasurer and Tax Collector
City Hall, Room 140
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94102-5329

**Review of the Statement of Cash and Investments for the Quarter Ended
March 31, 2007 - Management Letter**

We have performed a review of the Statement of Cash and Investments of the Office of the Treasurer and Tax Collector (Treasurer) of the City and County of San Francisco (City) as of March 31, 2007, and have issued our review report thereon, dated February 1, 2008.

Our review disclosed certain matters, which we believe should be addressed to improve the Treasurer's system of internal control or bring it into compliance with laws and regulations. We note these matters below:

Our fieldwork was completed on August 22, 2007.

CURRENT AUDIT COMMENTS AND RECOMMENDATIONS

1. Change Process for Cash Difference Funds

The processing of departmental cash differences by the Treasurer, described in San Francisco Administrative Code, Section 10.82, is inefficient and ineffective, and should be changed to reflect the process in the California Government Code, Section 29370, which allows county departments to have their own cash difference funds. Currently, the Treasurer is charged with maintaining one cash difference fund for approximately ten departments or offices. When these departments submit their revenues to the Treasurer's cashier, the Treasurer must make up any difference in collection of revenues from its cash difference fund. However, these departments report their overages and shortages to the Treasurer periodically, not daily as the Administrative Code requires. This occurs because some departments maintain their own unauthorized cash funds and only report shortages if they do not have enough overages to cover the shortages. There is no formal oversight of these unauthorized cash funds, which increases the risk of theft. Finally, although the authorized amount of the cash difference fund is \$1,500, the Treasurer does not maintain that amount in its fund because it commingles the funds by using its overages to replenish its shortages and does not request replenishments from the general fund unless the overage fund is depleted.

Current Audit Recommendation No. 1

The Treasurer and Controller should initiate a change to the Administrative Code to reflect the provisions of the Government Code on cash difference funds. This would allow the Controller, by resolution of the Board of Supervisors, to establish, monitor, increase, reduce, or discontinue departments' cash difference funds. If the Board of Supervisors agrees to delegate this authority to the Controller, the Controller would submit a written report to the Board of Supervisors at the end of each fiscal year identifying the cash difference funds in existence during the fiscal year, the amount of those funds, and the department using the fund.

2. Review Over/Short Documents for Proper Signatures

The Treasurer receives completed over/short forms from departments as supporting documentation for its cash difference processing. However, the Treasurer processed some of these forms without requiring that the forms be signed by department supervisors. Department supervisors should be signing those forms as proof of their knowledge and monitoring of cash shortages reported by their staff.

Current Audit Recommendation No. 2

Until the Treasurer implements Recommendation No. 1, the Treasurer should require that all cash difference requests be signed by department supervisors before the Treasurer processes the request.

3. Manage Bequests of Stocks and Other Assets

The Treasurer holds bequests, such as stock certificates, debentures, and other assets, for certain departments in its vault totaling \$597,171, but the departments are not actively managing these assets. These assets may be losing value and if so, some of the assets could be sold as allowed by San Francisco Administrative Code Section 10.50, et seq. The Administrative Code provides that stocks, bonds or other securities received by a board, commission, or officer by donation, gift, devise, or bequest for the benefit of the City or any department may, on the recommendation of the officer, board, or commission charged with the control or administration of the property, be sold by the Treasurer.

Current Audit Recommendation No. 3

Departments should be required to actively manage the assets they own and to periodically obtain a statement from their board or commission on whether they choose to hold or sell their assets.

4. Muni Passes Not Always Recorded

Our review of the overage log disclosed that some overages were removed from the overage log. Upon inquiry, we found that these overages were actually Muni pass sales that had not been entered into the Itemage system at the time of sale. All sales should be entered into the point of sale system at the time of sale to reduce the risk of fraud or loss. According to Treasurer staff, when cashiers have many customers waiting, they may issue the Muni pass to the customer and set aside the money to enter into the system later but subsequently forget to enter the sale.

Current Audit Recommendation No. 4

The Treasurer should ensure that all cashiers record all sales at the time of sale. The Treasurer should also consider providing periodic training sessions on cash handling.

5. Review Performance of Bank Reconciliations

The Treasurer's bank reconciliations for its own depository and disbursing accounts prepared by the Controller are not reviewed for accuracy by a supervisor. Without a review, errors or irregularities could occur and would not be detected timely.

Current Audit Recommendation No. 5

The Treasurer should assign a staff person to timely review and approve by signature all Controller bank reconciliations. Further, the Treasurer should follow up with the departments responsible for the long outstanding reconciling items until they are cleared.

6. Deposit Unused Cash On Hand

The Treasurer does not use the cash on hand of \$6,780 for its operations and has kept this amount in its vault for at least six years. Although not substantial, the Treasurer could be earning interest on this amount. Management has communicated an interest in displaying some of the larger bills as historical documents.

Current Audit Recommendation No. 6

The Treasurer should either deposit the entire amount of cash on hand or approve the display of a few large bills and deposit the rest.

7. Identify Counterfeit Bills

The Treasurer collected an increased amount of counterfeit bills over the last few years, but some of these bills were identified only after they had been deposited at Bank of America.

Current Audit Recommendation No. 7

The Treasurer should inquire of Bank of America its methods of identifying counterfeit bills and should consider using these methods if it proves to be cost effective. Also, the Treasurer should consider providing periodic cash handling training to its employees.

8. Correct Investment Policy Terminology

The Treasurer's Investment Policy includes a few incorrect terms in its glossary:

- a) The Federal Deposit Insurance Corporation insures bank deposits of \$100,000 per deposit.
- b) The Comprehensive Annual Financial Report (CAFR) definition should be changed to reflect the recent changes which occurred due to GASB 34.

Current Audit Recommendation No. 8

The Treasurer should change its Investment Policy to state:

- a) The Federal Deposit Insurance Corporation insures deposits up to \$100,000 **per bank**.
- b) The CAFR is the City's official annual financial report. It consists of three major sections: introductory, financial, and statistical. The introductory section furnishes general information on the City's structure, services, and environment. The financial section contains all basic financial statements and required supplementary information, as well as information on all individual funds and discretely presented component units not reported separately in the basic financial statements. The financial section may also include supplementary information not required by GAAP. The statistical section provides trend data and nonfinancial data useful in interpreting the basic financial statements and is especially important for evaluating economic condition.

In conclusion, we wish to convey our appreciation for the cooperation and courtesies accorded to us during our review.

Sincerely,



Harriet Richardson
Director of Audits

cc: Ed Harrington, Treasury Oversight Committee Chair

City and County of San Francisco

Office of the Controller – City Services Auditor

OFFICE OF THE TREASURER AND TAX COLLECTOR:

**Review of the Statement of
Cash and Investments as of
September 30, 2007**

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March 28, 2008

**CONTROLLER'S OFFICE
CITY SERVICES AUDITOR**

The City Services Auditor was created within the Controller's Office through an amendment to the City Charter that was approved by voters in November 2003. Under Appendix F to the City Charter, the City Services Auditor has broad authority for:

- Reporting on the level and effectiveness of San Francisco's public services and benchmarking the city to other public agencies and jurisdictions.
- Conducting financial and performance audits of city departments, contractors, and functions to assess efficiency and effectiveness of processes and services.
- Operating a whistleblower hotline and website and investigating reports of waste, fraud, and abuse of city resources.
- Ensuring the financial integrity and improving the overall performance and efficiency of city government.

The audits unit conducts financial audits, attestation engagements, and performance audits. Financial audits address the financial integrity of both city departments and contractors and provide reasonable assurance about whether financial statements are presented fairly in all material aspects in conformity with generally accepted accounting principles. Attestation engagements examine, review, or perform procedures on a broad range of subjects such as internal controls; compliance with requirements of specified laws, regulations, rules, contracts, or grants; and the reliability of performance measures. Performance audits focus primarily on assessment of city services and processes, providing recommendations to improve department operations.

We conduct our audits in accordance with the Government Auditing Standards published by the U.S. Government Accountability Office (GAO). These standards require:

- Independence of audit staff and the audit organization.
- Objectivity of the auditors performing the work.
- Competent staff, including continuing professional education.
- Quality control procedures to provide reasonable assurance of compliance with the auditing standards.

Audit Team: Elisa Sullivan, Audit Manager
Vivian Chu, Associate Auditor



CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ed Harrington
Controller

Monique Zmuda
Deputy Controller

March 28, 2008

José Cisneros, Treasurer
Office of the Treasurer and Tax Collector
City Hall, Room 140
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4638

Dear Mr. Cisneros:

The Office of the Controller presents its review report of the Statement of Cash and Investments of the Office of the Treasurer and Tax Collector (Treasurer) of the City and County of San Francisco (City) as of September 30, 2007. The Statement of Cash and Investments presents the total cash and investments under the control and accountability of the Treasurer of the City.

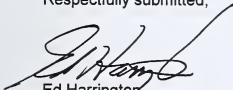
Results:

September 30, 2007

Cash and Investments:	
Cash on Hand	\$ 6,780
Cash in Bank	91,750,733
Investments	<u>3,192,986,474</u>
Total Cash and Investments	\$3,284,743,987

Based on our review, we are not aware of any material modifications that should be made to the Statement of Cash and Investments as of September 30, 2007, in order for it to be in conformity with generally accepted accounting principles.

Respectfully submitted,



Ed Harrington
Controller

cc: Mayor
Board of Supervisors
Treasury Oversight Committee
Civil Grand Jury
Budget Analyst
Public Library



CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ed Harrington
Controller

Monique Zmuda
Deputy Controller

REVIEW REPORT

President and Members of the Board of Supervisors
City and County of San Francisco
San Francisco, California

We have reviewed the accompanying Statement of Cash and Investments as of September 30, 2007, in accordance with Statements on Standards for Accounting and Review Services, issued by the American Institute of Certified Public Accountants. All information included in the Statement of Cash and Investments is the representation of the management of the Office of the Treasurer and Tax Collector (Treasurer) of the City and County of San Francisco (City).

A review consists principally of inquiries of department personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the Statement of Cash and Investments. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the Statement of Cash and Investments in order for it to be in conformity with generally accepted accounting principles.

Government Auditing Standards require auditors and audit organizations to maintain independence, both in fact and in appearance, so that opinions, conclusions, judgments, and recommendations will be impartial and be viewed as impartial by knowledgeable third parties. The Controller's Office, City Services Auditor Division (CSA), is not organizationally independent in performing the review because the Controller is the City Services Auditor for the City and County of San Francisco, and as such, is responsible for carrying out the functions of auditing, accounting, and financial reporting. These functions are separate and discrete tasks independently performed by personnel within their respective divisions, but they ultimately report to the Controller who is the organizational head of the agency. Further, the Controller is also a member and chair of the Treasury Oversight Committee, an advisory body to the Treasurer, which was established to involve depositors of funds into the Treasury in reviewing the policies for investment of surplus funds. The effect of the independence impairments created through these structures is reduced because the audit team that conducted this review is not responsible for the input or reconciliation of any financial transactions and is not a member of the Treasury Oversight Committee.

Nevertheless, the reader of this report is advised to consider the above disclosure as a qualification of scope that may have an effect on this report.

CONTROLLER'S CITY SERVICES AUDITOR DIVISION

Ed Harrington, CPA
Controller
March 28, 2008

STATEMENT OF CASH AND INVESTMENTS
September 30, 2007

<u>Account Title</u>	<u>Total</u>
Cash	
Cash on Hand	\$ 6,780
Cash in Bank	91,750,733
Total Cash	<u>91,757,513</u>
Investments	
U.S. Treasury Bills	341,411,213
U.S. Treasury Notes	455,997,887
Federal National Mortgage Association Discount Notes	482,762,246
Federal Home Loan Discount Notes	377,841,564
Federal Home Loan Mortgage Corporation Discount Notes	514,567,748
Commercial Paper Discounts	600,545,780
Negotiable Certificates of Deposit	340,077,416
Public Time Deposits	44,171,756
Subtotal Investments	<u>3,157,375,610</u>
Accrued Interest Receivable	35,610,864
Total Investments	<u>3,192,986,474</u>
Total Cash and Investments	<u>\$ 3,284,743,987</u>

See Review Report

NOTE TO THE STATEMENT OF CASH AND INVESTMENTS

NOTE 1.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1A. The Financial Reporting Entity

The Statement of Cash and Investments presents only the cash on hand, cash in bank, and investments under the control and accountability of the Office of the Treasurer and Tax Collector (Treasurer) of the City and County of San Francisco (City). The Statement of Cash and Investments is not intended to present fairly the financial position and results of operations of the Treasurer or of the City.

The Treasurer is responsible for the custody and investment of the public funds of the City. The Treasurer is authorized to conduct these functions by the California Government Code Section 53600 et seq. and the San Francisco Administrative Code, Chapter 10, under investment policies established by the Treasurer and filed with the City's Board of Supervisors. The funds are mainly invested in low risk investments such as United States government securities. The Treasurer also provides a safekeeping service for the City, where city departments may deposit securities and other assets in the Treasurer's vault.

1B. Basis of Presentation

Cash and Deposits

The California Government Code requires California banks and savings and loan associations to secure the City's deposits not covered by federal deposit insurance by pledging government securities as collateral. The market value of pledged securities must equal at least 110 percent of the City's deposits. The collateral must be held at the pledging bank's trust department or another bank, acting as the pledging bank's agent, in the City's name. All of the banks with funds deposited by the Treasurer secure deposits with sufficient collateral.

Investments

The Treasurer makes investments in securities for a pooled money investment account with financial institutions and for individual investment accounts that are not invested through the pooled money investment account. The securities in the accompanying Statement of Cash and Investments are reported at fair value in accordance with the Government Accounting Standards Board Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. The statement requires government entities to report investments at fair value in the balance sheet or other statement of financial position. The following table summarizes the investments stated at cost and fair value.

Schedule of Investments
Stated at Cost and Fair Value
September 30, 2007

Investment Type	Cost	Fair Value (*)
U.S. Treasury Bills	\$ 341,085,786	\$ 341,411,213
U.S. Treasury Notes	453,296,088	455,997,887
Federal National Mortgage Association Discount Notes	481,927,605	482,762,246
Federal Home Loan Discount Notes	377,588,414	377,841,564
Federal Home Loan Mortgage Corporation Discount Notes	513,817,372	514,567,748
Commercial Paper Discounts	600,613,322	600,545,780
Negotiable Certificates of Deposit	340,000,000	340,077,416
Public Time Deposits	45,200,000	44,171,756
Total	\$ 3,153,528,587	\$ 3,157,375,610

(*) The fair value amounts do not include accrued interest receivable of \$29,159,603 and fixed income accrued earnings of \$6,451,261.

City and County of San Francisco

Office of the Controller – City Services Auditor

OFFICE OF THE TREASURER AND TAX COLLECTOR:

**Review of the Statement of
Cash and Investments as of
December 31, 2007**

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June 30, 2008

**CONTROLLER'S OFFICE
CITY SERVICES AUDITOR**

The City Services Auditor was created within the Controller's Office through an amendment to the City Charter that was approved by voters in November 2003. Under Appendix F to the City Charter, the City Services Auditor has broad authority for:

- Reporting on the level and effectiveness of San Francisco's public services and benchmarking the city to other public agencies and jurisdictions.
- Conducting financial and performance audits of city departments, contractors, and functions to assess efficiency and effectiveness of processes and services.
- Operating a whistleblower hotline and website and investigating reports of waste, fraud, and abuse of city resources.
- Ensuring the financial integrity and improving the overall performance and efficiency of city government.

The audits unit conducts financial audits, attestation engagements, and performance audits.

Financial audits address the financial integrity of both city departments and contractors and provide reasonable assurance about whether financial statements are presented fairly in all material aspects in conformity with generally accepted accounting principles. Attestation engagements examine, review, or perform procedures on a broad range of subjects such as internal controls; compliance with requirements of specified laws, regulations, rules, contracts, or grants; and the reliability of performance measures. Performance audits focus primarily on assessment of city services and processes, providing recommendations to improve department operations.

We conduct our audits in accordance with the Government Auditing Standards published by the U.S. Government Accountability Office (GAO). These standards require:

- Independence of audit staff and the audit organization.
- Objectivity of the auditors performing the work.
- Competent staff, including continuing professional education.
- Quality control procedures to provide reasonable assurance of compliance with the auditing standards.

Audit Team: Elisa Sullivan, Audit Manager
Vivian Chu, Associate Auditor



CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ben Rosenfield
Controller

Monique Zmuda
Deputy Controller

June 30, 2008

José Cisneros, Treasurer
Office of the Treasurer and Tax Collector
City Hall, Room 140
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4638

Dear Mr. Cisneros:

The Office of the Controller presents its review report of the Statement of Cash and Investments of the Office of the Treasurer and Tax Collector (Treasurer) of the City and County of San Francisco (City) as of December 31, 2007. The Statement of Cash and Investments presents the total cash and investments under the control and accountability of the Treasurer of the City.

Results:

December 31, 2007

Cash and Investments:	
Cash on Hand	\$ 6,780
Cash in Bank	52,791,861
Investments	<u>3,518,640,416</u>
Total Cash and Investments	\$3,571,439,057

Based on our review, we are not aware of any material modifications that should be made to the Statement of Cash and Investments as of December 31, 2007, in order for it to be in conformity with generally accepted accounting principles.

Respectfully submitted,

Ben Rosenfield
Controller

cc: Mayor
Board of Supervisors
Treasury Oversight Committee
Civil Grand Jury
Budget Analyst
Public Library

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REVIEW REPORT

President and Members of the Board of Supervisors
City and County of San Francisco
San Francisco, California

We have reviewed the accompanying Statement of Cash and Investments as of December 31, 2007, in accordance with Statements on Standards for Accounting and Review Services, issued by the American Institute of Certified Public Accountants. All information included in the Statement of Cash and Investments is the representation of the management of the Office of the Treasurer and Tax Collector (Treasurer) of the City and County of San Francisco (City).

A review consists principally of inquiries of department personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the Statement of Cash and Investments. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the Statement of Cash and Investments in order for it to be in conformity with generally accepted accounting principles.

Government Auditing Standards requires auditors and audit organizations to maintain independence, both in fact and in appearance, so that opinions, conclusions, judgments, and recommendations will be impartial and be viewed as impartial by knowledgeable third parties. The Controller's Office, City Services Auditor Division (CSA), is not organizationally independent in performing the review because the Controller is the City Services Auditor for the City and County of San Francisco, and as such, is responsible for carrying out the functions of auditing, accounting, and financial reporting. These functions are separate and discrete tasks independently performed by personnel within their respective divisions, but they ultimately report to the Controller who is the organizational head of the agency. Further, the Controller is also a member of the Treasury Oversight Committee, an advisory body to the Treasurer, which was established to involve depositors of funds into the Treasury in reviewing the policies for investment of surplus funds. The effect of the independence impairments created through these structures is reduced because the audit team that conducted this review is not responsible for the input or reconciliation of any financial transactions and is not a member of the Treasury Oversight Committee.

Nevertheless, the reader of this report is advised to consider the above disclosure as a qualification of scope that may have an effect on this report.

CONTROLLER'S CITY SERVICES AUDITOR DIVISION

Noriaki Hirasuna, CPA
June 30, 2008

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STATEMENT OF CASH AND INVESTMENTS

December 31, 2007

Account Title	Total
Cash	
Cash on Hand	\$ 6,780
Cash in Bank	52,791,861
Total Cash	<u>52,798,641</u>
Investments	
U.S. Treasury Bills	209,030,641
U.S. Treasury Notes	695,401,510
Federal Home Loan Interest Bearing Note	5,000,000
Federal Home Loan Floater Note	150,328,875
Federal National Mortgage Association Discount Notes	431,001,713
Federal Home Loan Discount Notes	185,575,083
Federal Home Loan Mortgage Corporation Discount Notes	240,918,699
Commercial Paper Discounts	1,034,916,316
Negotiable Certificates of Deposit	475,001,912
Public Time Deposits	44,833,405
Subtotal Investments	<u>3,472,008,154</u>
Accrued Interest Receivable	46,632,262
Total Investments	<u>3,518,640,416</u>
Total Cash and Investments	<u>\$ 3,571,439,057</u>

See Review Report

NOTE TO THE STATEMENT OF CASH AND INVESTMENTS

NOTE 1.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1A. The Financial Reporting Entity

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1B. Basis of Presentation

Cash and Deposits

The California Government Code requires California banks and savings and loan associations to secure the City's deposits not covered by federal deposit insurance by pledging government securities as collateral. The market value of pledged securities must equal at least 110 percent of the City's deposits. The collateral must be held at the pledging bank's trust department or another bank, acting as the pledging bank's agent, in the City's name. All of the banks with funds deposited by the Treasurer secure deposits with sufficient collateral.

Investments

The Treasurer makes investments in securities for a pooled money investment account with financial institutions and for individual investment accounts that are not invested through the pooled money investment account. The securities in the accompanying Statement of Cash and Investments are reported at fair value in accordance with the Government Accounting Standards Board Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. The statement requires government entities to report investments at fair value in the balance sheet or other statement of financial position. The following table summarizes the investments stated at cost and fair value.

**Schedule of Investments
Stated at Cost and Fair Value
December 31, 2007**

Investment Type	Cost	Fair Value (*)
U.S. Treasury Bills	\$ 208,606,428	\$ 209,030,641
U.S. Treasury Notes	690,912,176	695,401,510
Federal Home Loan Interest Bearing Note	5,000,000	5,000,000
Federal Home Loan Floater Note	150,416,925	150,328,875
Federal National Mortgage Association Discount Notes	430,544,547	431,001,713
Federal Home Loan Discount Notes	185,465,272	185,575,083
Federal Home Loan Mortgage Corporation Discount Notes	240,538,812	240,918,699
Commercial Paper Discounts	1,034,766,086	1,034,916,316
Negotiable Certificates of Deposit	475,006,917	475,001,912
Public Time Deposits	45,200,000	44,833,405
Total	\$ 3,466,457,163	\$ 3,472,008,154

(*) The fair value amounts do not include accrued interest receivable of \$33,821,134 and fixed income accrued earnings of \$12,811,128.

City County of San Francisco

Office of the Controller – City Services Auditor

OFFICE OF THE TREASURER AND TAX COLLECTOR:

**Review of the Statement of
Cash and Investments as of
March 31, 2008**

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September 9, 2008

**CONTROLLER'S OFFICE
CITY SERVICES AUDITOR**

The City Services Auditor was created within the Controller's Office through an amendment to the City Charter that was approved by voters in November 2003. Under Appendix F to the City Charter, the City Services Auditor has broad authority for:

- Reporting on the level and effectiveness of San Francisco's public services and benchmarking the city to other public agencies and jurisdictions.
- Conducting financial and performance audits of city departments, contractors, and functions to assess efficiency and effectiveness of processes and services.
- Operating a whistleblower hotline and website and investigating reports of waste, fraud, and abuse of city resources.
- Ensuring the financial integrity and improving the overall performance and efficiency of city government.

The audits unit conducts financial audits, attestation engagements, and performance audits. Financial audits address the financial integrity of both city departments and contractors and provide reasonable assurance about whether financial statements are presented fairly in all material aspects in conformity with generally accepted accounting principles. Attestation engagements examine, review, or perform procedures on a broad range of subjects such as internal controls; compliance with requirements of specified laws, regulations, rules, contracts, or grants; and the reliability of performance measures. Performance audits focus primarily on assessment of city services and processes, providing recommendations to improve department operations.

We conduct our audits in accordance with the Government Auditing Standards published by the U.S. Government Accountability Office (GAO). These standards require:

- Independence of audit staff and the audit organization.
- Objectivity of the auditors performing the work.
- Competent staff, including continuing professional education.
- Quality control procedures to provide reasonable assurance of compliance with the auditing standards.

Audit Team: Elisa Sullivan, Audit Manager
Vivian Chu, Associate Auditor



CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ben Rosenfield
Controller

Monique Zmuda
Deputy Controller

September 9, 2008

José Cisneros, Treasurer
Office of the Treasurer and Tax Collector
City Hall, Room 140
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4638

Dear Mr. Cisneros:

The Office of the Controller presents its review report of the Statement of Cash and Investments of the Office of the Treasurer and Tax Collector (Treasurer) of the City and County of San Francisco (City) as of March 31, 2008. The Statement of Cash and Investments presents the total cash and investments under the control and accountability of the Treasurer of the City.

Results:

	<u>March 31, 2008</u>
Cash and Investments:	
Cash on Hand	\$ 6,780
Cash in Bank	407,602,974
Investments	<u>3,058,986,465</u>
Total Cash and Investments	\$3,466,596,219

Based on our review, we are not aware of any material modifications that should be made to the Statement of Cash and Investments as of March 31, 2008, in order for it to be in conformity with generally accepted accounting principles.

Respectfully submitted,

Ben Rosenfield
Controller

cc: Mayor
Board of Supervisors
Treasury Oversight Committee
Civil Grand Jury
Budget Analyst
Public Library

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CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ben Rosenfield
Controller

Monique Zmuda
Deputy Controller

REVIEW REPORT

President and Members of the Board of Supervisors
City and County of San Francisco
San Francisco, California

We have reviewed the accompanying Statement of Cash and Investments as of March 31, 2008, in accordance with Statements on Standards for Accounting and Review Services, issued by the American Institute of Certified Public Accountants. All information included in the Statement of Cash and Investments is the representation of the management of the Office of the Treasurer and Tax Collector (Treasurer) of the City and County of San Francisco (City).

A review consists principally of inquiries of department personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the Statement of Cash and Investments. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the Statement of Cash and Investments in order for it to be in conformity with generally accepted accounting principles.

Government Auditing Standards requires auditors and audit organizations to maintain independence, both in fact and in appearance, so that opinions, conclusions, judgments, and recommendations will be impartial and be viewed as impartial by knowledgeable third parties. The Controller's Office, City Services Auditor Division (CSA), is not organizationally independent in performing the review because the Controller is the City Services Auditor for the City and County of San Francisco, and as such, is responsible for carrying out the functions of auditing, accounting, and financial reporting. These functions are separate and discrete tasks independently performed by personnel within their respective divisions, but they ultimately report to the Controller who is the organizational head of the agency. Further, the Controller is also a member of the Treasury Oversight Committee, an advisory body to the Treasurer, which was established to involve depositors of funds into the Treasury in reviewing the policies for investment of surplus funds. The effect of the independence impairments created through these structures is reduced because the audit team that conducted this review is not responsible for the input or reconciliation of any financial transactions and is not a member of the Treasury Oversight Committee.

Nevertheless, the reader of this report is advised to consider the above disclosure as a qualification of scope that may have an effect on this report.

CONTROLLER'S CITY SERVICES AUDITOR DIVISION

Noriaki Hirasuna, CPA
September 9, 2008

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STATEMENT OF CASH AND INVESTMENTS

March 31, 2008

Account Title	Total
Cash	
Cash on Hand	\$ 6,780
Cash in Bank	407,602,974
Total Cash	<u>407,609,754</u>
Investments	
U.S. Treasury Bills	208,507,811
U.S. Treasury Notes	500,203,848
Federal Home Loan Interest Bearing Notes	157,194,875
Federal Home Loan Floater Note	419,459,375
Federal National Mortgage Association Discount Notes	109,690,418
Federal Home Loan Discount Notes	244,112,264
Federal Home Loan Mortgage Corporation Discount Notes	249,386,934
Federal Farm Credit Bank	25,756,219
Federal Home Loan Mortgage Corporation Bonds	51,357,639
Commercial Paper Discounts	519,452,542
Negotiable Certificates of Deposit	510,675,334
Public Time Deposits	44,736,982
Subtotal Investments	<u>3,040,534,241</u>
Accrued Interest Receivable	18,452,224
Total Investments	<u>3,058,986,465</u>
 Total Cash and Investments	 <u>\$ 3,466,596,219</u>

See Review Report

NOTE TO THE STATEMENT OF CASH AND INVESTMENTS

NOTE 1.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1A. The Financial Reporting Entity

The Statement of Cash and Investments presents only the cash on hand, cash in bank, and investments under the control and accountability of the Office of the Treasurer and Tax Collector (Treasurer) of the City and County of San Francisco (City). The Statement of Cash and Investments is not intended to present fairly the financial position and results of operations of the Treasurer or of the City.

The Treasurer is responsible for the custody and investment of the public funds of the City. The Treasurer is authorized to conduct these functions by the California Government Code Section 53600 et seq. and the San Francisco Administrative Code, Chapter 10, under investment policies established by the Treasurer and filed with the City's Board of Supervisors. The funds are mainly invested in low risk investments such as United States government securities. The Treasurer also provides a safekeeping service for the City, where city departments may deposit securities and other assets in the Treasurer's vault.

1B. Basis of Presentation

Cash and Deposits

The California Government Code requires California banks and savings and loan associations to secure the City's deposits not covered by federal deposit insurance by pledging government securities as collateral. The market value of pledged securities must equal at least 110 percent of the City's deposits. The collateral must be held at the pledging bank's trust department or another bank, acting as the pledging bank's agent, in the City's name. All of the banks with funds deposited by the Treasurer secure deposits with sufficient collateral.

Investments

The Treasurer makes investments in securities for a pooled money investment account with financial institutions and for individual investment accounts that are not invested through the pooled money investment account. The securities in the accompanying Statement of Cash and Investments are reported at fair value in accordance with the Government Accounting Standards Board Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. The statement requires government entities to report investments at fair value in the balance sheet or other statement of financial position. The following table summarizes the investments stated at cost and fair value.

**Schedule of Investments
Stated at Cost and Fair Value
March 31, 2008**

Investment Type	Cost	Fair Value (*)
U.S. Treasury Bills	\$ 208,197,416	\$ 208,507,811
U.S. Treasury Notes	496,273,579	500,203,848
Federal Home Loan Interest Bearing Note	156,685,001	157,194,875
Federal Home Loan Floater Note	419,535,200	419,459,375
Federal National Mortgage Association Discount Notes	109,552,775	109,690,418
Federal Home Loan Discount Notes	243,760,390	244,112,264
Federal Home Loan Mortgage Corporation Discount Notes	248,492,403	249,386,934
Federal Farm Credit Bank	25,700,000	25,756,219
Federal Home Loan Mortgage Corporation Bonds	51,248,889	51,357,639
Commercial Paper Discounts	519,415,131	519,452,542
Negotiable Certificates of Deposit	510,409,939	510,675,334
Public Time Deposits	45,200,000	44,736,982
Total	\$ 3,034,470,723	\$ 3,040,534,241

(*) The fair value amounts do not include accrued interest receivable of \$7,924,119 and fixed income accrued earnings of \$10,528,104.

City and County of San Francisco

Office of the Controller – City Services Auditor

OFFICE OF THE TREASURER AND TAX COLLECTOR:

Quarterly Review of the Schedule of
Cash, Investments, and Accrued
Interest Receivable as of
September 30, 2008

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December 7, 2009

**CONTROLLER'S OFFICE
CITY SERVICES AUDITOR**

The City Services Auditor was created within the Controller's Office through an amendment to the City Charter that was approved by voters in November 2003. Under Appendix F to the City Charter, the City Services Auditor has broad authority for:

- Reporting on the level and effectiveness of San Francisco's public services and benchmarking the city to other public agencies and jurisdictions.
- Conducting financial and performance audits of city departments, contractors, and functions to assess efficiency and effectiveness of processes and services.
- Operating a whistleblower hotline and website and investigating reports of waste, fraud, and abuse of city resources.
- Ensuring the financial integrity and improving the overall performance and efficiency of city government.

The audits unit conducts financial audits, attestation engagements, and performance audits. Financial audits address the financial integrity of both city departments and contractors and provide reasonable assurance about whether financial statements are presented fairly in all material aspects in conformity with generally accepted accounting principles. Attestation engagements examine, review, or perform procedures on a broad range of subjects such as internal controls; compliance with requirements of specified laws, regulations, rules, contracts, or grants; and the reliability of performance measures. Performance audits focus primarily on assessment of city services and processes, providing recommendations to improve department operations.

We conduct our audits in accordance with the Government Auditing Standards published by the U.S. Government Accountability Office (GAO). These standards require:

- Independence of audit staff and the audit organization.
- Objectivity of the auditors performing the work.
- Competent staff, including continuing professional education.
- Quality control procedures to provide reasonable assurance of compliance with the auditing standards.

Audit Team: Elisa Sullivan, Audit Manager



CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ben Rosenfield
Controller

Monique Zmuda
Deputy Controller

December 7, 2009

José Cisneros, Treasurer
Office of the Treasurer and Tax Collector
City Hall, Room 140
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4638

Dear Mr. Cisneros:

The Controller's Office, City Services Auditor, presents the review report of the Schedule of Cash, Investments, and Accrued Interest Receivable of the Office of the Treasurer and Tax Collector (Treasurer) of the City and County of San Francisco (City) as of September 30, 2008. This Schedule presents the total cash, investments, and accrued interest receivable under the control and accountability of the Treasurer of the City.

Results:

September 30, 2008

Cash and Investments:

Cash on Hand	\$ 6,780
Cash in Bank	253,916,272
Investments and Accrued Interest Receivable	<u>2,658,109,321</u>
Total Cash and Investments	\$ 2,912,032,373

This review was performed under contract by Macias Gini & O'Connell LLP. For this contract, the City Services Auditor Division performed the department liaison duties of project management and contractor invoice approval.

Based on this review, Macias Gini & O'Connell LLP is not aware of any material modifications that should be made to the Schedule of Cash, Investments, and Accrued Interest Receivable as of September 30, 2008, in order for it to be in conformity with generally accepted accounting principles.

Respectfully submitted,

Tonia Lediju
Director of Audits

cc: Mayor
Board of Supervisors
Civil Grand Jury
Budget Analyst
Public Library

**CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE TREASURER
AND TAX COLLECTOR**

Independent Accountant's Report on the
Review of the Schedule of
Cash, Investments, and Accrued Interest Receivable
September 30, 2008



MACIAS GINI & O'CONNELL LLP
CERTIFIED PUBLIC ACCOUNTANTS & MANAGEMENT CONSULTANTS

3000 S Street, Suite 300
Sacramento, CA 95816
916.926.4600

2175 N. California Boulevard, Suite 645
Walnut Creek, CA 94596
925.274.0190

515 S. Figueroa Street, Suite 325
Los Angeles, CA 90071
213.286.6450

402 West Broadway, Suite 400
San Diego, CA 92101
619.573.1112

The Honorable Mayor Gavin Newsom
The Honorable Members of the Board of Supervisors
San Francisco, California

Independent Accountant's Review Report

We have reviewed the accompanying Schedule of Cash, Investments, and Accrued Interest Receivable of the City and County of San Francisco's (City) Office of the Treasurer and Tax Collector (Treasurer) as of September 30, 2008, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in the Statement of Cash and Investments is the representation of the management of the Treasurer.

A review consists principally of inquiries of Treasurer personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, with the exception of the matter described in the following paragraph, we are not aware of any material modifications that should be made to the accompanying Schedule of Cash, Investments, and Accrued Interest Receivable as of September 30, 2008, in order for it to be in conformity with generally accepted accounting principles.

As explained in Note II.B to the Schedule of Cash, Investments, and Accrued Interest Receivable, management has not presented the risk disclosures required under Governmental Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosures—an amendment of GASB Statement No. 3*.

Macias Gini & O'Connell LLP
Certified Public Accountants

Walnut Creek, California
May 6, 2009

City and County of San Francisco
Office of the Treasurer and Tax Collector
Schedule of Cash, Investments, and Accrued Interest Receivable
September 30, 2008

Cash	
Cash on Hand	\$ 6,780
Cash in Bank	253,916,272
Total Cash	<u>253,923,052</u>
Investments	
U.S. Treasury Bills	49,843,750
U.S. Treasury Notes	280,497,906
FFCB Floater Notes	49,968,750
FFCB Notes	25,611,656
FHLB Discount Notes	274,726,875
FHLB Floater Notes	572,944,063
FHLB Notes	54,954,688
FHLMC Bonds	80,178,188
FHLMC Discount Notes	49,975,694
FHLMC Floater Notes	68,435,781
FNMA Discount Notes	178,892,000
FNMA Notes	33,243,234
Commercial Paper Discounts	739,263,801
Commercial Paper Interest Bearing	35,000,000
Negotiable Certificates of Deposit	109,791,977
Public Time Deposits	40,200,000
Total Investments	<u>2,643,528,363</u>
Accrued Interest Receivable	<u>14,580,958</u>
Total Cash, Investments, and Accrued Interest Receivable	<u><u>\$ 2,912,032,373</u></u>

See Independent Accountant's Review Report.

City and County of San Francisco
Office of the Treasurer and Tax Collector
Notes to the Schedule of Cash, Investments, and Accrued Interest Receivable
September 30, 2008

I. General

The Schedule of Cash, Investments, and Accrued Interest Receivable (Schedule) presents only the cash on hand, cash in bank, investments and related accrued interest receivable under the control and accountability of the Office of the Treasurer and Tax Collector (Treasurer) of the City and County of San Francisco (City). The Schedule is not intended to present fairly the financial position and results of operations of the Treasurer or of the City.

The Treasurer is responsible for the custody and investment of a majority of the public funds held by the City and funds deposited by external entities that are either required to or voluntarily deposit funds with the Treasurer. The Treasurer is authorized to conduct these functions by the California Government Code Section 53600 et seq. and the San Francisco Administrative Code, Chapter 10, under investment policies established by the Treasurer and filed with the City's Board of Supervisors. The Treasurer also provides a safekeeping service for the City, where City departments may deposit securities and other assets in the Treasurer's vault.

II. Summary of Significant Accounting Policies

A. Cash and Deposits

The California Government Code requires California banks and savings and loan associations to secure the City's deposits not covered by federal deposit insurance by pledging government securities as collateral. The market value of pledged securities must equal at least 110 percent of the City's deposits. The collateral must be held at the pledging bank's trust department or another bank, acting as the pledging bank's agent, in the City's name. All of the banks with funds deposited by the Treasurer secure deposits with sufficient collateral.

B. Investments

The Treasurer makes investments in securities for a pooled money investment account with financial institutions and for individual investment accounts that are not invested through the pooled money investment account. The Schedule is prepared using the economic resources measurement focus and the accrual basis of accounting. Investment transactions are recorded on the trade date. Deposits and investments with the Treasurer are exposed to risks such as credit risk, concentration of credit risk, and interest rate risk. Disclosures related to such risks as required under Governmental Accounting Standards Board number 40, *Deposit and Investment Risk Disclosures—an amendment of GASB Statement No. 3* are not presented in this report as the Treasurer does not believe that these disclosures are necessary to meet the objectives of the users of the Schedule.

City and County of San Francisco
Office of the Treasurer and Tax Collector
Notes to the Schedule of Cash, Investments, and Accrued Interest Receivable
September 30, 2008

II. Summary of Significant Accounting Policies (continued)

The securities in the accompanying Schedule are reported at fair value in accordance with Governmental Accounting Standards Board Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. The statement requires external investment pools to report all investments at fair value. The following table summarizes the investments stated at cost and fair value.

Investment Type	Cost	Fair Value*
U.S. Treasury Bills	\$ 49,606,250	\$ 49,843,750
U.S. Treasury Notes	280,861,051	280,497,906
FFCB Floater Notes	50,000,000	49,968,750
FFCB Notes	25,700,000	25,611,656
FHLB Discount Notes	272,517,653	274,726,875
FHLB Floater Notes	574,476,468	572,944,063
FHLB Notes	55,437,000	54,954,688
FHLMC Bonds	80,810,000	80,178,188
FHLMC Discount Notes	49,471,875	49,975,694
FHLMC Floater Notes	68,543,503	68,435,781
FNMA Discount Notes	177,966,558	178,892,000
FNMA Notes	33,510,009	33,243,234
Commercial Paper Discounts	735,988,000	739,263,801
Commercial Paper Interest Bearing	35,000,000	35,000,000
Negotiable Certificates of Deposit	110,000,000	109,791,977
Public Time Deposits	40,200,000	40,200,000
TOTAL	\$ 2,640,088,367	\$ 2,643,528,363

* The fair value amounts do not include accrued interest receivable of \$ 11,149,598 or fixed income accrued earnings of \$3,431,360.

City and County of San Francisco

Office of the Controller – City Services Auditor

OFFICE OF THE TREASURER AND TAX COLLECTOR:

Quarterly Review of the Schedule of
Cash, Investments, and Accrued
Interest Receivable as of
December 31, 2008

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December 7, 2009

**CONTROLLER'S OFFICE
CITY SERVICES AUDITOR**

The City Services Auditor was created within the Controller's Office through an amendment to the City Charter that was approved by voters in November 2003. Under Appendix F to the City Charter, the City Services Auditor has broad authority for:

- Reporting on the level and effectiveness of San Francisco's public services and benchmarking the city to other public agencies and jurisdictions.
- Conducting financial and performance audits of city departments, contractors, and functions to assess efficiency and effectiveness of processes and services.
- Operating a whistleblower hotline and website and investigating reports of waste, fraud, and abuse of city resources.
- Ensuring the financial integrity and improving the overall performance and efficiency of city government.

The audits unit conducts financial audits, attestation engagements, and performance audits. Financial audits address the financial integrity of both city departments and contractors and provide reasonable assurance about whether financial statements are presented fairly in all material aspects in conformity with generally accepted accounting principles. Attestation engagements examine, review, or perform procedures on a broad range of subjects such as internal controls; compliance with requirements of specified laws, regulations, rules, contracts, or grants; and the reliability of performance measures. Performance audits focus primarily on assessment of city services and processes, providing recommendations to improve department operations.

We conduct our audits in accordance with the Government Auditing Standards published by the U.S. Government Accountability Office (GAO). These standards require:

- Independence of audit staff and the audit organization.
- Objectivity of the auditors performing the work.
- Competent staff, including continuing professional education.
- Quality control procedures to provide reasonable assurance of compliance with the auditing standards.

Audit Team: Elisa Sullivan, Audit Manager



CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ben Rosenfield
Controller

Monique Zmuda
Deputy Controller

December 7, 2009

José Cisneros, Treasurer
Office of the Treasurer and Tax Collector
City Hall, Room 140
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4638

Dear Mr. Cisneros:

The Controller's Office, City Services Auditor, presents the review report of the Schedule of Cash, Investments, and Accrued Interest Receivable of the Office of the Treasurer and Tax Collector (Treasurer) of the City and County of San Francisco (City) as of December 31, 2008. The Schedule presents the total cash, investments, and accrued interest receivable under the control and accountability of the Treasurer of the City.

Results:

	<u>December 31, 2008</u>
Cash and Investments:	
Cash on Hand	\$ 4,000
Cash in Bank	16,450,250
Investments and Accrued Interest Receivable	<u>3,325,558,062</u>
Total Cash and Investments	\$ 3,342,012,312

This review was performed under contract by Macias Gini & O'Connell LLP. For this contract, the City Services Auditor Division performed the department liaison duties of project management and contractor invoice approval.

Based on this review, Macias Gini & O'Connell LLP is not aware of any material modifications that should be made to the Schedule of Cash, Investments, and Accrued Interest Receivable as of December 31, 2008, in order for it to be in conformity with generally accepted accounting principles.

Respectfully submitted,

Tonia Lediju
Director of Audits

cc: Mayor
Board of Supervisors
Civil Grand Jury
Budget Analyst
Public Library

**CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE TREASURER
AND TAX COLLECTOR**

Independent Accountant's Report on the
Review of the Schedule of
Cash, Investments, and Accrued Interest Receivable
December 31, 2008



MACIAS GINI & O'CONNELL LLP
Certified Public Accountants & Management Consultants

2121 N. California Blvd., Suite 750
Walnut Creek, CA 94596
925.274.0190

INDEPENDENT

MEMBERS

MEMBERS

MEMBERS

MEMBERS

The Honorable Mayor Gavin Newsom
The Honorable Members of the Board of Supervisors
San Francisco, California

Independent Accountant's Review Report

We have reviewed the accompanying Schedule of Cash, Investments, and Accrued Interest Receivable of the City and County of San Francisco's (City) Office of the Treasurer and Tax Collector (Treasurer) as of December 31, 2008, in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants. All information included in the Schedule of Cash, Investments, and Accrued Interest Receivable is the representation of the management of the Treasurer.

A review consists principally of inquiries of Treasurer personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, with the exception of the matter described in the following paragraph, we are not aware of any material modifications that should be made to the accompanying Schedule of Cash, Investments, and Accrued Interest Receivable as of December 31, 2008, in order for it to be in conformity with generally accepted accounting principles.

As explained in Note II.B to the Schedule of Cash, Investments, and Accrued Interest Receivable, management has not presented the risk disclosures required under Governmental Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosures—an amendment of GASB Statement No. 3*.

Macias Gini & O'Connell LLP
Certified Public Accountants

Walnut Creek, California
September 9, 2009

City and County of San Francisco
Office of the Treasurer and Tax Collector
Schedule of Cash, Investments, and Accrued Interest Receivable
December 31, 2008

Cash:	
Cash on Hand	\$ 4,000
Cash in Bank	16,450,250
Total Cash	<u>16,454,250</u>
Investments:	
U.S. Treasury Bills	219,696,875
U.S. Treasury Notes	383,315,000
FFCB Discount Notes	46,999,935
FFCB Floater Notes	49,843,750
FFCB Notes	60,785,938
FHLB Discount Notes	281,749,375
FHLB Floater Notes	574,838,751
FHLMC Bonds	128,899,953
FHLMC Discount Notes	199,952,350
FHLMC Floater Notes	68,435,781
FNMA Discount Notes	357,185,000
FNMA Notes	203,725,000
Commercial Paper Discounts	264,791,944
Negotiable Certificates of Deposit	425,016,149
Public Time Deposits	<u>40,200,000</u>
Total Investments	3,305,435,801
Accrued Interest Receivable	<u>20,122,261</u>
Total Cash, Investments, and Accrued Interest Receivable	<u>\$ 3,342,012,312</u>

See Independent Accountant's Review Report.

City and County of San Francisco
Office of the Treasurer and Tax Collector
Notes to the Schedule of Cash, Investments, and Accrued Interest Receivable
December 31, 2008

I. General

The Schedule of Cash, Investments, and Accrued Interest Receivable (Schedule) presents only the cash on hand, cash in bank, investments and related accrued interest receivable under the control and accountability of the Office of the Treasurer and Tax Collector (Treasurer) of the City and County of San Francisco (City). The Schedule is not intended to present fairly the financial position and results of operations of the Treasurer or of the City.

The Treasurer is responsible for the custody and investment of a majority of the public funds held by the City and funds deposited by external entities that are either required to or voluntarily deposit funds with the Treasurer. The Treasurer is authorized to conduct these functions by the California Government Code Section 53600 et seq. and the San Francisco Administrative Code, Chapter 10, under investment policies established by the Treasurer and filed with the City's Board of Supervisors. The Treasurer also provides a safekeeping service for the City, where City departments may deposit securities and other assets in the Treasurer's vault.

II. Summary of Significant Accounting Policies

A. Cash and Deposits

The California Government Code requires California banks and savings and loan associations to secure the City's deposits not covered by federal deposit insurance by pledging government securities as collateral. The market value of pledged securities must equal at least 110 percent of the City's deposits. The collateral must be held at the pledging bank's trust department or another bank, acting as the pledging bank's agent, in the City's name. All of the banks with funds deposited by the Treasurer secure deposits with sufficient collateral.

B. Investments

The Treasurer makes investments in securities for a pooled money investment account with financial institutions and for individual investment accounts that are not invested through the pooled money investment account. The Schedule is prepared using the economic resources measurement focus and the accrual basis of accounting. Investment transactions are recorded on the trade date. Deposits and investments with the Treasurer are exposed to risks such as credit risk, concentration of credit risk, and interest rate risk. Disclosures related to such risks as required under Governmental Accounting Standards Board number 40, *Deposit and Investment Risk Disclosures—an amendment of GASB Statement No. 3* are not presented in this report as the Treasurer does not believe that these disclosures are necessary to meet the objectives of the users of the Schedule.

City and County of San Francisco
Office of the Treasurer and Tax Collector
Notes to the Schedule of Cash, Investments, and Accrued Interest Receivable
December 31, 2008

II. Summary of Significant Accounting Policies (continued)

The securities in the accompanying Schedule are reported at fair value in accordance with Governmental Accounting Standards Board Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. The statement requires external investment pools to report all investments at fair value. The following table summarizes the investments stated at cost and fair value.

Investment Type	Cost	Fair Value*
U.S. Treasury Bills	\$ 217,816,439	\$ 219,696,875
U.S. Treasury Notes	384,011,246	383,315,000
FFCB Discount Notes	46,760,692	46,999,935
FFCB Floater Notes	50,000,000	49,843,750
FFCB Notes	58,807,216	60,785,938
FHLB Discount Notes	280,303,336	281,749,375
FHLB Floater Notes	574,476,468	574,838,751
FHLMC Bonds	128,379,400	128,899,953
FHLMC Discount Notes	197,829,750	199,952,350
FHLMC Floater Notes	68,537,476	68,435,781
FNMA Discount Notes	354,943,463	357,185,000
FNMA Notes	206,130,871	203,725,000
Commercial Paper Discounts	261,531,625	264,791,944
Negotiable Certificates of Deposit	425,000,000	425,016,149
Public Time Deposits	40,200,000	40,200,000
TOTAL	\$ 3,294,727,982	\$ 3,305,435,801

* The fair value amounts do not include accrued interest receivable \$15,895,299 or fixed income accrued earnings of \$4,226,962.

City and County of San Francisco

Office of the Controller – City Services Auditor

OFFICE OF THE TREASURER AND TAX COLLECTOR:

**Quarterly Review of the Schedule of
Cash, Investments, and Accrued
Interest Receivable as of
March 31, 2009**

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January 20, 2010

**CONTROLLER'S OFFICE
CITY SERVICES AUDITOR**

The City Services Auditor was created within the Controller's Office through an amendment to the City Charter that was approved by voters in November 2003. Under Appendix F to the City Charter, the City Services Auditor has broad authority for:

- Reporting on the level and effectiveness of San Francisco's public services and benchmarking the city to other public agencies and jurisdictions.
- Conducting financial and performance audits of city departments, contractors, and functions to assess efficiency and effectiveness of processes and services.
- Operating a whistleblower hotline and website and investigating reports of waste, fraud, and abuse of city resources.
- Ensuring the financial integrity and improving the overall performance and efficiency of city government.

The audits unit conducts financial audits, attestation engagements, and performance audits. Financial audits address the financial integrity of both city departments and contractors and provide reasonable assurance about whether financial statements are presented fairly in all material aspects in conformity with generally accepted accounting principles. Attestation engagements examine, review, or perform procedures on a broad range of subjects such as internal controls; compliance with requirements of specified laws, regulations, rules, contracts, or grants; and the reliability of performance measures. Performance audits focus primarily on assessment of city services and processes, providing recommendations to improve department operations.

We conduct our audits in accordance with the Government Auditing Standards published by the U.S. Government Accountability Office (GAO). These standards require:

- Independence of audit staff and the audit organization.
- Objectivity of the auditors performing the work.
- Competent staff, including continuing professional education.
- Quality control procedures to provide reasonable assurance of compliance with the auditing standards.

Audit Team: Elisa Sullivan, Audit Manager



CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ben Rosenfield
Controller

Monique Zmuda
Deputy Controller

January 20, 2010

José Cisneros, Treasurer
Office of the Treasurer and Tax Collector
City Hall, Room 140
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4638

Dear Mr. Cisneros:

The Controller's Office, City Services Auditor, presents the review report of the Schedule of Cash, Investments, and Accrued Interest Receivable of the Office of the Treasurer and Tax Collector (Treasurer) of the City and County of San Francisco (City) as of March 31, 2009. The Schedule presents the total cash, investments, and accrued interest receivable under the control and accountability of the Treasurer of the City.

Results:

	<u>March 31, 2009</u>
Cash and Investments:	
Cash on Hand	\$ 4,000
Cash in Bank	204,659,172
Investments and Accrued Interest Receivable	<u>3,162,259,231</u>
Total Cash and Investments	\$ 3,366,922,403

This review was performed under contract by Macias Gini & O'Connell LLP. For this contract, the City Services Auditor Division performed the department liaison duties of project management and contractor invoice approval.

Based on this review, Macias Gini & O'Connell LLP is not aware of any material modifications that should be made to the Schedule of Cash, Investments, and Accrued Interest Receivable as of March 31, 2009, in order for it to be in conformity with generally accepted accounting principles.

Respectfully submitted,

Tonia Lediju
Director of Audits

cc: Mayor
Board of Supervisors
Civil Grand Jury
Budget Analyst
Public Library

**CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE TREASURER
AND TAX COLLECTOR**

Independent Accountant's Report on the
Review of the Schedule of
Cash, Investments, and Accrued Interest Receivable
March 31, 2009



MACIAS GINI & O'CONNELL LLP
Certified Public Accountants & Management Consultants

2121 N. California Blvd., Suite 750
Walnut Creek, CA 94596
925.274.0190

The Honorable Mayor Gavin Newsom
The Honorable Members of the Board of Supervisors
San Francisco, California

Independent Accountant's Review Report

We have reviewed the accompanying Schedule of Cash, Investments, and Accrued Interest Receivable of the City and County of San Francisco's (City) Office of the Treasurer and Tax Collector (Treasurer) as of March 31, 2009, in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants. All information included in the Schedule of Cash, Investments, and Accrued Interest Receivable is the representation of the management of the Treasurer.

A review consists principally of inquiries of Treasurer personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, with the exception of the matter described in the following paragraph, we are not aware of any material modifications that should be made to the accompanying Schedule of Cash, Investments, and Accrued Interest Receivable as of March 31, 2009, in order for it to be in conformity with generally accepted accounting principles.

As explained in Note II.B to the Schedule of Cash, Investments, and Accrued Interest Receivable, management has not presented the risk disclosures required under Governmental Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosures—an amendment of GASB Statement No. 3*.

Macias Gini & O'Connell LLP
Certified Public Accountants

Walnut Creek, California
December 21, 2009

City and County of San Francisco
Office of the Treasurer and Tax Collector
Schedule of Cash, Investments, and Accrued Interest Receivable
March 31, 2009

Cash:	
Cash on Hand	\$ 4,000
Cash in Bank	204,659,172
Total Cash	<u>204,663,172</u>
Investments:	
U.S. Treasury Bills	314,487,500
U.S. Treasury Notes	356,165,500
FFCB Floater Notes	49,984,375
FFCB Notes	78,498,938
FHLB Notes	222,422,623
FHLB Floater Notes	380,014,844
FHLMC Bonds	447,534,375
FHLMC Discount Notes	39,771,739
FHLMC Floater Notes	68,457,188
FNMA Discount Notes	99,890,000
FNMA Notes	462,063,297
Treasury TLGP	135,617,438
TLGP Floater	26,466,531
MTFG Floater	25,042,969
Negotiable Certificates of Deposit	425,000,000
Public Time Deposits	15,200,000
Total Investments	<u>3,146,617,317</u>
Accrued Interest Receivable	15,641,914
Total Cash, Investments, and Accrued Interest Receivable	<u>\$ 3,366,922,403</u>

See Independent Accountant's Review Report.

City and County of San Francisco
Office of the Treasurer and Tax Collector
Notes to the Schedule of Cash, Investments, and Accrued Interest Receivable
March 31, 2009

I. General

The Schedule of Cash, Investments, and Accrued Interest Receivable (Schedule) presents only the cash on hand, cash in bank, investments and related accrued interest receivable under the control and accountability of the Office of the Treasurer and Tax Collector (Treasurer) of the City and County of San Francisco (City). The Schedule is not intended to present fairly the financial position and results of operations of the Treasurer or of the City.

The Treasurer is responsible for the custody and investment of a majority of the public funds held by the City and funds deposited by external entities that are either required to or voluntarily deposit funds with the Treasurer. The Treasurer is authorized to conduct these functions by the California Government Code Section 53600 et seq. and the San Francisco Administrative Code, Chapter 10, under investment policies established by the Treasurer and filed with the City's Board of Supervisors. The Treasurer also provides a safekeeping service for the City, where City departments may deposit securities and other assets in the Treasurer's vault.

II. Summary of Significant Accounting Policies

A. Cash and Deposits

The California Government Code requires California banks and savings and loan associations to secure the City's deposits not covered by federal deposit insurance by pledging government securities as collateral. The market value of pledged securities must equal at least 110 percent of the City's deposits. The collateral must be held at the pledging bank's trust department or another bank, acting as the pledging bank's agent, in the City's name. All of the banks with funds deposited by the Treasurer secure deposits with sufficient collateral.

B. Investments

The Treasurer makes investments in securities for a pooled money investment account with financial institutions and for individual investment accounts that are not invested through the pooled money investment account. The Schedule is prepared using the economic resources measurement focus and the accrual basis of accounting. Investment transactions are recorded on the trade date. Deposits and investments with the Treasurer are exposed to risks such as credit risk, concentration of credit risk, and interest rate risk. Disclosures related to such risks as required under Governmental Accounting Standards Board No. 40, *Deposit and Investment Risk Disclosures—an amendment of GASB Statement No. 3* are not presented in this report as the Treasurer does not believe that these disclosures are necessary to meet the objectives of the users of the Schedule.

City and County of San Francisco
Office of the Treasurer and Tax Collector
Notes to the Schedule of Cash, Investments, and Accrued Interest Receivable
March 31, 2009

II. Summary of Significant Accounting Policies (continued)

The securities in the accompanying Schedule are reported at fair value in accordance with Governmental Accounting Standards Board Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. The statement requires external investment pools to report all investments at fair value. The following table summarizes the investments stated at cost and fair value.

Investment Type	Cost	Fair Value
U.S. Treasury Bills	\$ 312,855,810	\$ 314,487,500
U.S. Treasury Notes	356,230,675	356,165,500
FFCB Floater Notes	50,000,000	49,984,375
FFCB Notes	76,826,507	78,498,938
FHLB Notes	222,658,094	222,422,623
FHLB Floater Notes	379,535,200	380,014,844
FHLMC Bonds	447,239,400	447,534,375
FHLMC Discount Notes	39,659,778	39,771,739
FHLMC Floater Notes	68,537,476	68,457,188
FNMA Discount Notes	99,146,667	99,890,000
FNMA Notes	464,917,195	462,063,297
Treasury TLGP	135,468,694	135,617,438
TLGP Floater	26,492,346	26,466,531
MTFG Floater	25,041,114	25,042,969
Negotiable Certificates of Deposit	425,000,000	425,000,000
Public Time Deposits	15,200,000	15,200,000
TOTAL	\$ 3,144,808,956	\$ 3,146,617,317

